



**CITY OF RICHLAND HILLS, TEXAS**  
**ANNUAL COMPREHENSIVE**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**SEPTEMBER 30, 2022**

**CITY OF RICHLAND HILLS, TEXAS**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended  
September 30, 2022**

**Prepared by the Finance Department**

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**Annual Comprehensive Financial Report**  
**For the Fiscal Year Ended September 30, 2022**

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## **INTRODUCTORY SECTION**

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## Richland Hills

3200 Diana Drive | Richland Hills, TX, 76118  
817-616-3812 | richlandhills.com

April 4, 2023

The Honorable Mayor, Members of the City Council,  
and Citizens of Richland Hills (the "City")

Submitted herewith is the Annual Financial Report (AFR) of the City of Richland Hills, Texas, for the fiscal year ended September 30, 2022. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of the operations of the City, on a Government-wide and Fund basis. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

### THE REPORTING ENTITY

The City of Richland Hills is a political subdivision of the State, incorporated as a municipal corporation in 1950. The City operates under the laws of the State and the City's home rule charter, approved by the citizens in 1985 as a council-manager form of government. Policy-making and legislative authority are vested in a governing city council consisting of the mayor and five other members. The city council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the government's city manager. The city manager is responsible for carrying out the policies and ordinances of the council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. Council members serve two-year staggered terms with three council members elected in odd-numbered years and the mayor and two council members elected in even-numbered years. The mayor and council members are elected from the community at large. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. The City of Richland Hills voters approved a one percent local sales and use tax at an election held on December 5, 1967.

The City provides a full range of municipal services that include police and fire protection, emergency medical services, animal control services, municipal court, construction and maintenance of streets and drainage infrastructure, planning and zoning, economic development, code enforcement, library services, parks and recreational activities and cultural events, and general administrative services. Water and wastewater services and sanitation services are provided as an operation of the City and therefore have been included as an integral part of the City's financial statements. The Richland Hills Development Corporation (a Type B Economic Development Corporation) and Richland Hills Crime Control and Prevention District are legally separate entities but are in substance part of the government's operation and are included in the CAFR.

### ECONOMIC OUTLOOK AND FINANCIAL CONDITION

Richland Hills is situated Northeast Tarrant County in the middle of the Dallas / Fort Worth Metroplex, the major metropolitan area in the north central part of the state, and is approximately 7 miles from downtown Fort Worth, 30 miles from downtown Dallas, and approximately 15 miles from DFW International Airport. Richland Hills is served by three state-numbered highways, SH 121, SH 26, and SH 10 (Baker Blvd. in Richland Hills), as well as the Trinity Railway Express (TRE), a commuter rail line between Fort Worth and Dallas operated jointly by Dallas Area Rapid Transit (DART) and the Fort Worth Transit Authority (The T).

The City of Richland Hills occupies a land area of 3.9 square miles, is approximately 98% developed, and serves an estimated population of 8,484.

As it is widely recognized, revenue sources for municipalities are primarily driven from ad-valorem (property), sales and use taxes. In 2022, Richland Hills experienced a 5% increase in net assessed taxable value due to an increase in residential and commercial property valuation and an upward trend in economic recovery. The property tax base remains diverse with the top ten taxpayers accounting for 13% of the total assessed value. In the General Fund, property tax revenues accounted for 32% and sales tax accounted for 51% of total revenues.

## ACCOUNTING SYSTEM AND BUDGETARY CONTROL

To provide a reasonable basis for making these representations, the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP) for local governments, as prescribed by the Governmental Accounting Standards Board (GASB) and other recognized professional standards. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that assets are safeguarded and that the financial statements will be free from material misstatement.

The City's accounting records for general governmental operations are maintained on a modified accrual basis. Under this method of accounting, expenditures are recognized when the services or goods are received, and the liability is incurred. Revenues are recognized when measurable and available. Accounting records for the proprietary funds are maintained on the accrual basis.

The annual budget serves as the foundation for the City's financial planning and control. All City departments are required to submit requests for appropriation to the city manager by April of each year. The city manager uses these requests as the starting point for developing a proposed budget. The city manager then presents this proposed budget to the Council for review by at least 60 days prior to October 1. The Council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. The city manager is authorized to transfer budgeted amounts between line items within any fund. Any revisions that alter the total expenditures of any fund require special approval of the Council.

## RELEVANT FINANCIAL POLICIES

The Financial Policies enable the City to achieve a long-term stable and positive financial condition. Annual estimates of revenue in both the General Fund and Proprietary Funds are based on historical trends and reasonable expectation of growth. A conservative approach is observed in estimating revenues, so that revenue estimates will not be overstated. In order to protect from fluctuations in revenue sources due to fluctuations in the economy and variations in weather, a diversified revenue system is also maintained. In addition, it is also the City's policy that one-time, or non-recurring revenues, will not be used to finance current ongoing operations. Non-recurring revenues are used only for one-time expenditures such as capital needs. Every fiscal year, each possible program addition or service level change is analyzed in terms of its potential financial impact as part of the budget package decision making process. This process enables the City to make assumptions about future debt and operational funds capacity. The City has also identified projects based on their critical nature and the timeliness of available financing for these projects. The City Council continued its strategic planning process to identify goals and objectives for long range planning. Directives from the City Council are utilized to help guide the budget planning and service and program implementation.

## INDEPENDENT AUDIT

The Richland Hills City Charter requires an annual audit by an independent certified public accountant. George, Morgan & Sneed P.C., a firm of licensed certified public accountants, was selected by the City Council to audit the City's financial statements. The audit report will be available for public inspection and the original copy will be kept as a permanent record of the City.

The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2022, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

#### AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for excellence in Financial Reporting to the City of Richland Hills for its comprehensive annual financial report for the fiscal year ended September 30, 2021. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. The City of Richland Hills has received the Certificate of Achievement for the past sixteen years.

#### ACKNOWLEDGMENTS

The preparation of this report could not have been accomplished without the cooperation of City employees throughout the organization. Sincere appreciation is also expressed to the Mayor and City Council for their continued interest and support in the conduct of the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

*Patricia Albrecht*

Patricia Albrecht  
Director of Finance and Administration Services



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Richland Hills  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2021

*Christopher P. Morill*

Executive Director/CEO



**CITY OF RICHLAND HILLS, TEXAS**

**LIST OF PRINCIPAL OFFICIALS**

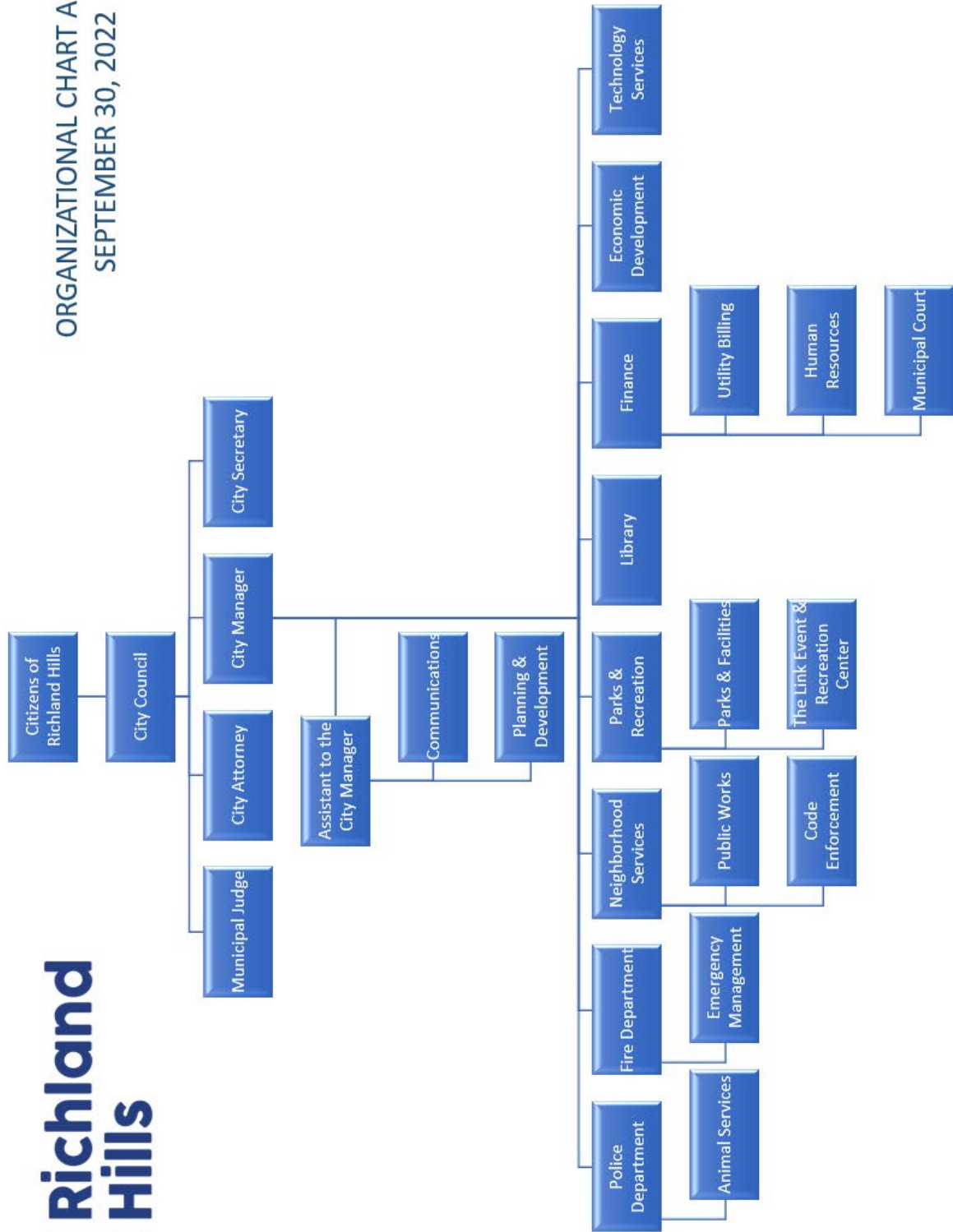
**SEPTEMBER 30, 2022**

**CITY COUNCIL**

EDWARD LOPEZ, MAYOR  
DOUGLAS KNOWLTON, PLACE 1  
TRAVIS MALONE, PLACE 2  
CURTIS BERGTHOLD, MAYOR PRO-TEM, PLACE 3  
JAVIER ALVAREZ, PLACE 4  
G.W. ESTEP, PLACE 5

**CITY STAFF**

CANDICE EDMONDSON, CITY MANAGER  
PATRICIA ALBRECHT, DIRECTOR OF FINANCE AND ADMINISTRATION SERVICES  
KIMBERLY SYLVESTER, CHIEF OF POLICE  
RUSSELL SHELLEY, FIRE CHIEF  
SCOTT MITCHELL, DIRECTOR OF NEIGHBORHOOD SERVICES  
JASON BROWN, PARKS & RECREATION DIRECTOR  
LINDSAY RAWLINSON, CITY SECRETARY



## **FINANCIAL SECTION**

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## **Independent Auditor's Report**

To the Honorable Mayor and City Council  
City of Richland Hills, Texas

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of City of Richland Hills, Texas (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Richland Hills, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 – 15 and budgetary comparison schedule – general fund, budgetary comparison schedule – crime control district, schedule of changes in net pension liability and related ratios, schedule of contributions, and schedule of changes in OPEB liability and related ratios on pages 54 - 62 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic

financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

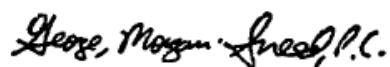
### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



George, Morgan & Sneed, P.C.  
Weatherford, Texas  
April 4, 2023

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Richland Hills, Texas, we offer readers of The City of Richland Hills' financial statements this narrative overview and analysis of the financial activities of the City of Richland Hills for the year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Richland Hills exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$40,767,113 (*net position*) compared to \$34,712,326 for the prior year. Of this amount, \$9,728,451 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$6,054,787. The City's governmental activities net position increased by \$4,328,166 and the business-type activities net position increased \$1,726,621.
- As of the close of the current year, the City of Richland Hills's governmental funds reported combined ending fund balances of \$12,912,365 compared to \$10,495,939 for the prior year. \$5,486,407 is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current year, unassigned fund balance for the general fund was \$5,486,407, or 71% of total general fund expenditures.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Richland Hills's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and fees).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, culture and recreation, parks and beautification, community development and economic development. The business-type activities of the City include water and sewer and drainage utility.

The government-wide financial statements can be found on Exhibits A-1 and B-1 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twenty six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, Crime Control District special revenue fund, and road and street capital projects fund which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on Exhibits C-1 through C-4 of this report.

**Proprietary funds.** The City maintains one type of proprietary fund. The enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations and drainage utility operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund and drainage utility fund.

The basic proprietary fund financial statements can be found on Exhibits D-1 through D-3 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-53 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found on Exhibits E-1 and E-5 of this report.

The combining and individual nonmajor governmental funds statements and schedules are presented immediately following the required supplementary information. These statements can be found on Exhibits F-1 through G-10 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$40,767,113 as of September 30, 2022.

The largest portion of the City's net position (58%) reflects its investment in capital assets (e.g. land, improvements other than buildings, buildings, machinery and equipment, streets and construction in progress); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (18%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$9,728,451 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current year, the City is able to report positive balances in all three categories of net position for the government as a whole, as well as for its separate governmental activities and business-type activities.

Below are summaries of the City's Statement of Net Position and Statement of Activities.

### Condensed Statement of Net Position

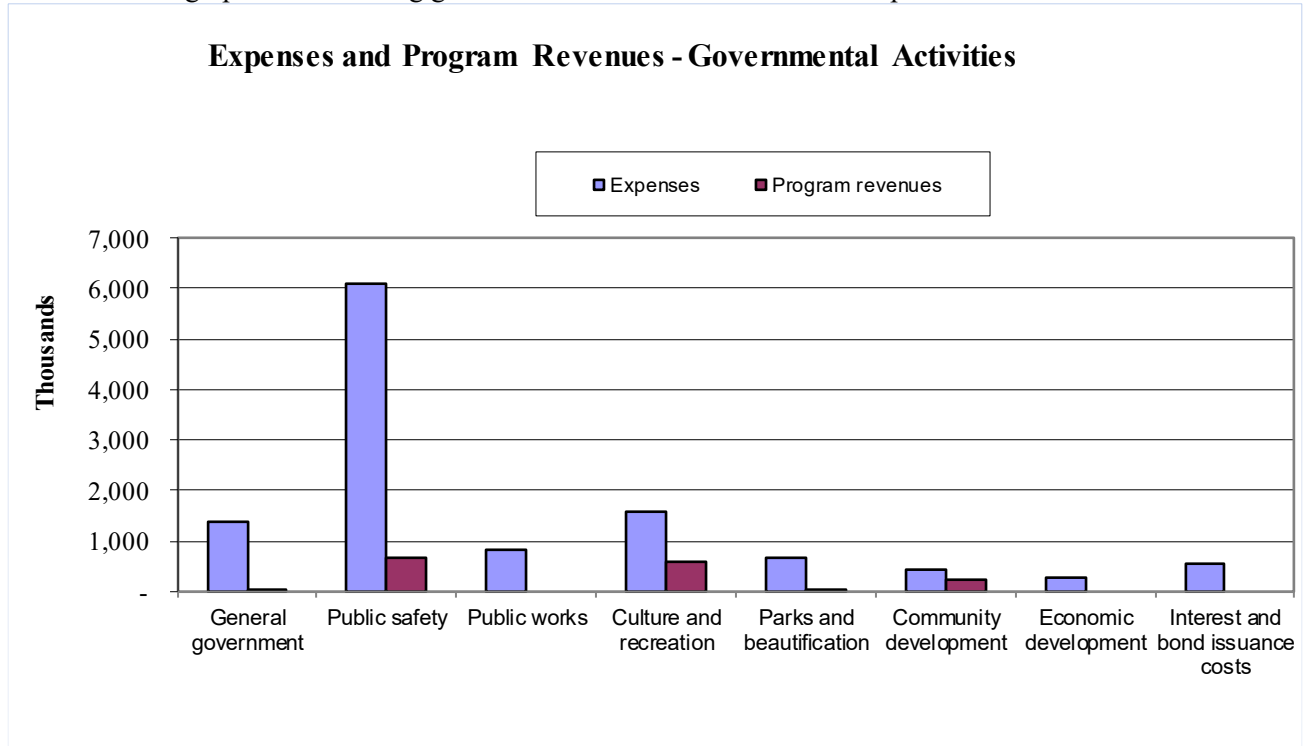
|                                  | <b>Governmental Activities</b> |                      | <b>Business-type Activities</b> |                      | <b>Total</b>         |                      |
|----------------------------------|--------------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
|                                  | <u>09/30/2022</u>              | <u>09/30/2021</u>    | <u>09/30/2022</u>               | <u>09/30/2021</u>    | <u>09/30/2022</u>    | <u>09/30/2021</u>    |
| Current and other assets         | \$ 15,298,225                  | \$ 12,982,950        | \$ 8,927,607                    | \$ 5,572,835         | \$ 24,225,832        | \$ 18,555,785        |
| Capital assets                   | <u>31,430,300</u>              | <u>30,346,949</u>    | <u>18,115,630</u>               | <u>18,328,186</u>    | <u>49,545,930</u>    | <u>48,675,135</u>    |
| Total Assets                     | <u>46,728,525</u>              | <u>43,329,899</u>    | <u>27,043,237</u>               | <u>23,901,021</u>    | <u>73,771,762</u>    | <u>67,230,920</u>    |
| Deferred outflows of resources   | <u>768,921</u>                 | <u>566,036</u>       | <u>152,044</u>                  | <u>118,319</u>       | <u>920,965</u>       | <u>684,355</u>       |
| Total deferred outflows          | <u>768,921</u>                 | <u>566,036</u>       | <u>152,044</u>                  | <u>118,319</u>       | <u>920,965</u>       | <u>684,355</u>       |
| Current liabilities              | 1,346,563                      | 1,515,450            | 2,305,131                       | 1,540,857            | 3,651,694            | 3,056,307            |
| Long-term liabilities            | <u>19,929,196</u>              | <u>21,625,528</u>    | <u>8,118,453</u>                | <u>7,586,019</u>     | <u>28,047,649</u>    | <u>29,211,547</u>    |
| Total liabilities                | <u>21,275,759</u>              | <u>23,140,978</u>    | <u>10,423,584</u>               | <u>9,126,876</u>     | <u>31,699,343</u>    | <u>32,267,854</u>    |
| Deferred inflows of resources    | <u>1,966,020</u>               | <u>827,456</u>       | <u>260,251</u>                  | <u>107,639</u>       | <u>2,226,271</u>     | <u>935,095</u>       |
| Total deferred inflows           | <u>1,966,020</u>               | <u>827,456</u>       | <u>260,251</u>                  | <u>107,639</u>       | <u>2,226,271</u>     | <u>935,095</u>       |
| Net Position:                    |                                |                      |                                 |                      |                      |                      |
| Net investment in capital assets | 12,326,976                     | 11,386,772           | 11,460,920                      | 11,014,660           | 23,787,896           | 22,401,432           |
| Restricted                       | 7,250,766                      | 5,564,111            | -                               | -                    | 7,250,766            | 5,564,111            |
| Unrestricted                     | <u>4,677,925</u>               | <u>2,976,618</u>     | <u>5,050,526</u>                | <u>3,770,165</u>     | <u>9,728,451</u>     | <u>6,746,783</u>     |
| Total Net Position               | <u>\$ 24,255,667</u>           | <u>\$ 19,927,501</u> | <u>\$ 16,511,446</u>            | <u>\$ 14,784,825</u> | <u>\$ 40,767,113</u> | <u>\$ 34,712,326</u> |

## Changes in Net Position

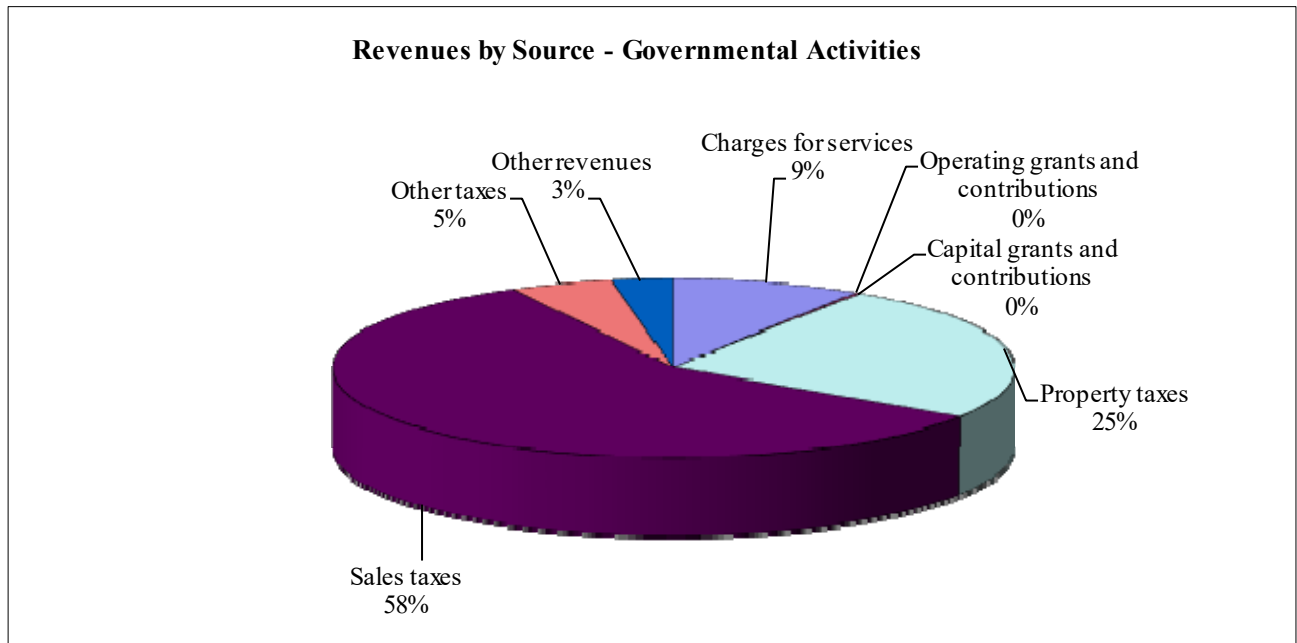
|                                                      | Governmental Activities |               | Business-type Activities |               | Total         |               |
|------------------------------------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
|                                                      | 09/30/2022              | 09/30/2021    | 09/30/2022               | 09/30/2021    | 09/30/2022    | 09/30/2021    |
| Revenues:                                            |                         |               |                          |               |               |               |
| Program revenues:                                    |                         |               |                          |               |               |               |
| Charges for services                                 | \$ 1,449,304            | \$ 1,208,191  | \$ 6,127,284             | \$ 5,863,089  | \$ 7,576,588  | \$ 7,071,280  |
| Operating grants and contributions                   | 38,952                  | 131,684       | -                        | -             | 38,952        | 131,684       |
| Capital grants and contributions                     | -                       | 854,411       | 202,578                  | -             | 202,578       | 854,411       |
| General revenues:                                    |                         |               |                          |               |               |               |
| Property taxes                                       | 3,991,037               | 3,762,747     | -                        | -             | 3,991,037     | 3,762,747     |
| Sales taxes                                          | 9,283,031               | 7,370,537     | -                        | -             | 9,283,031     | 7,370,537     |
| Franchise taxes                                      | 569,457                 | 516,814       | -                        | -             | 569,457       | 516,814       |
| Hotel Occupancy taxes                                | 214,587                 | 155,154       | -                        | -             | 214,587       | 155,154       |
| Investment earnings                                  | 15,723                  | 2,763         | 16,756                   | 707           | 32,479        | 3,470         |
| Miscellaneous revenue                                | 452,516                 | 175,782       | 85,830                   | -             | 538,346       | 175,782       |
| Total revenues                                       | 16,014,607              | 14,178,083    | 6,432,448                | 5,863,796     | 22,447,055    | 20,041,879    |
| Expenses                                             |                         |               |                          |               |               |               |
| General government                                   | 1,380,007               | 1,433,218     | -                        | -             | 1,380,007     | 1,433,218     |
| Public safety                                        | 6,086,145               | 5,660,499     | -                        | -             | 6,086,145     | 5,660,499     |
| Public works                                         | 838,964                 | 801,562       | -                        | -             | 838,964       | 801,562       |
| Culture and recreation                               | 1,588,342               | 1,387,144     | -                        | -             | 1,588,342     | 1,387,144     |
| Parks and beautification                             | 684,518                 | 737,938       | -                        | -             | 684,518       | 737,938       |
| Community development                                | 409,804                 | 411,596       | -                        | -             | 409,804       | 411,596       |
| Economic development                                 | 283,064                 | 165,116       | -                        | -             | 283,064       | 165,116       |
| Interest and fiscal agent charges                    | 551,242                 | 561,806       | -                        | -             | 551,242       | 561,806       |
| Water and sewer                                      | -                       | -             | 4,032,448                | 4,394,454     | 4,032,448     | 4,394,454     |
| Drainage Utility                                     | -                       | -             | 537,734                  | 675,847       | 537,734       | 675,847       |
| Total expenses                                       | 11,822,086              | 11,158,879    | 4,570,182                | 5,070,301     | 16,392,268    | 16,229,180    |
| Increase (decrease) in net position before transfers | 4,192,521               | 3,019,204     | 1,862,266                | 793,495       | 6,054,787     | 3,812,699     |
| Transfers                                            | 135,645                 | -             | (135,645)                | -             | -             | -             |
| Increase (decrease) in net position                  | 4,328,166               | 3,019,204     | 1,726,621                | 793,495       | 6,054,787     | 3,812,699     |
| Net Position October 1                               | 19,927,501              | 16,908,297    | 14,784,825               | 13,991,330    | 34,712,326    | 30,899,627    |
| Net Position September 30                            | \$ 24,255,667           | \$ 19,927,501 | \$ 16,511,446            | \$ 14,784,825 | \$ 40,767,113 | \$ 34,712,326 |

**Governmental Activities.** Governmental activities increased the City's net position by \$4,328,166 in the current year compared with a \$3,019,204 increase in the prior year. Total governmental activities revenues increased \$1,836,524 (13%) to \$16,014,607. Property taxes increased \$228,290 due to a \$47.6 million increase in assessed property values. Property tax rates did not change. Sales tax increased \$1,912,494. Total governmental activities expenses increased \$663,207 from the prior year. Expenses increased primarily for the following reasons: public safety 5 STEP pay increase, increase in wages and supplies at Link, and economic incentives.

Below are two graphs summarizing governmental activities revenue and expense:



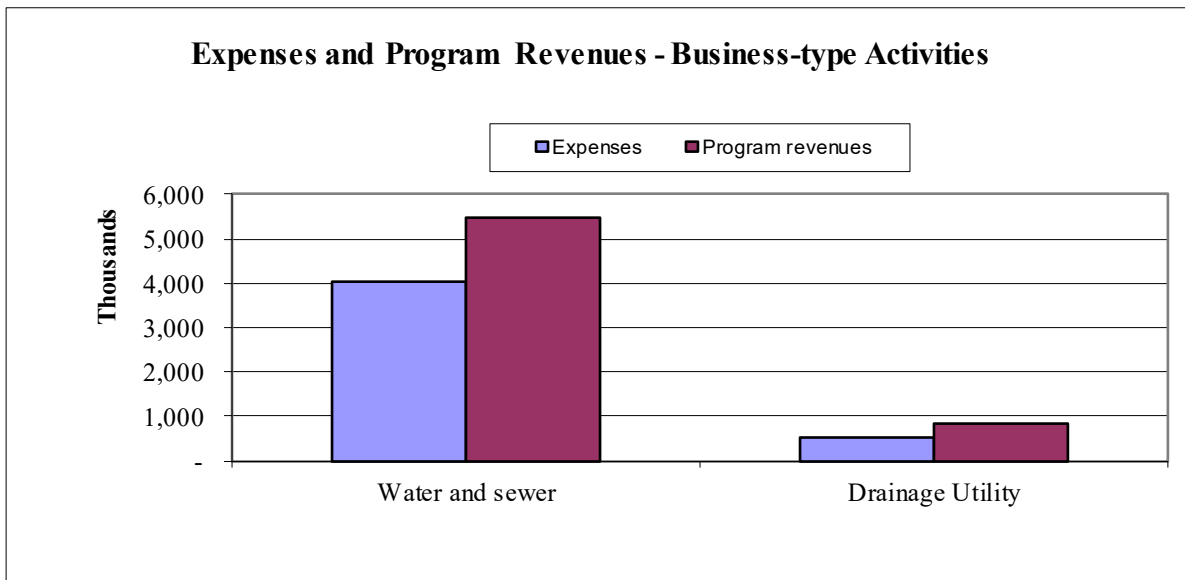
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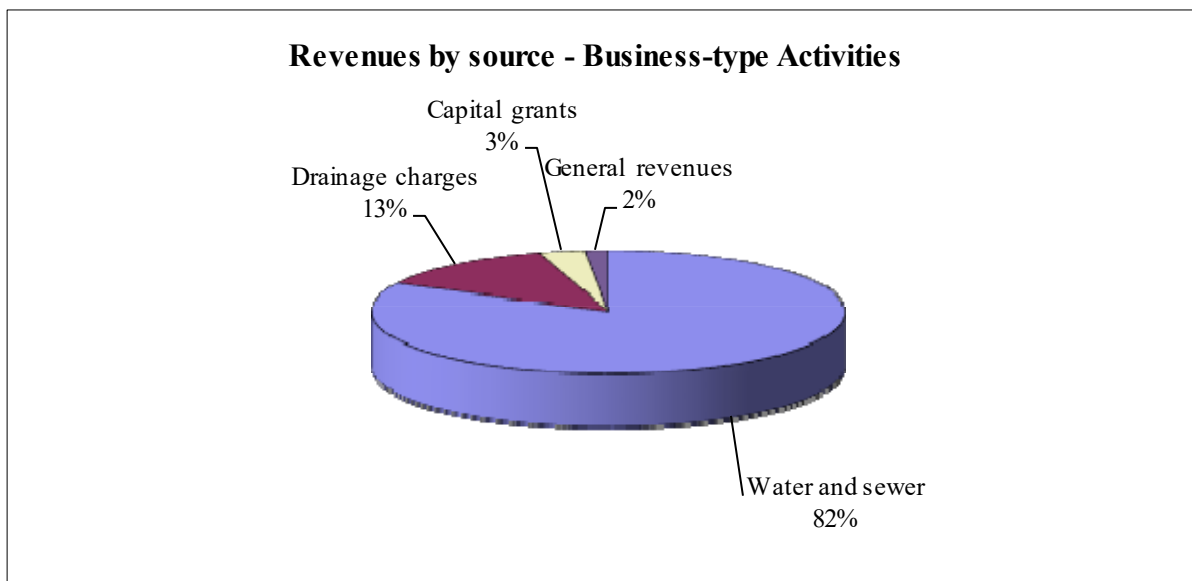
**Business-type activities.** Business-type activities increased the City's net position by \$1,726,621 in the current year compared to an increase in net position of \$793,495 in the prior year. The business-type activities total revenues increased \$568,652 (9%) to \$6,432,448. \$264,195 of the increase is from water and sewer charges for service because 18 million more gallons of water were sold. Total expenses

decreased \$500,119 (11%) to \$4,570,182 primarily because of repairs and maintenance costs in the previous year in part due to the winter storm in February 2021.

Below are two graphs summarizing business-type activities revenue and expense:



\*\*\*\*\*



## Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At year end, the City's governmental funds reported combined ending fund balances of \$12,912,365. \$5,486,407 (42%) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted and assigned to indicate that it is not available for new spending because it has already been committed for projects and debt service.

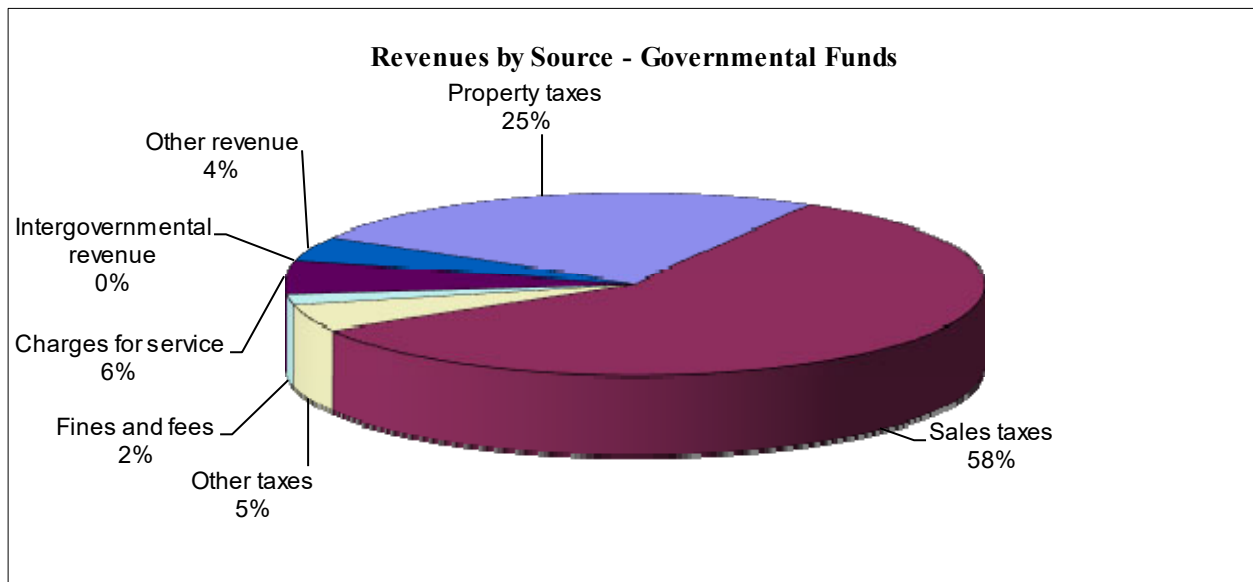
The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,486,407. Fund balance of the general fund increased \$1,118,970 compared to an increase of \$390,454 in the prior year. Key factors in this increase are as follow:

- Revenues increased \$1,212,843 (16%). General fund sales taxes increased \$955,047 due to growth in the local economy. Property taxes increased \$174,017 due to a \$47.6 million increase in assessed property values.
- Expenditures increased \$830,844 (12%). Public safety increased \$344,752 primarily due to 5 STEP pay increase. Capital outlay increased by \$431,614 due to additional funds paid to Texas Department of Transportation for Baker Blvd street reconstruction and an ambulance which was financed.

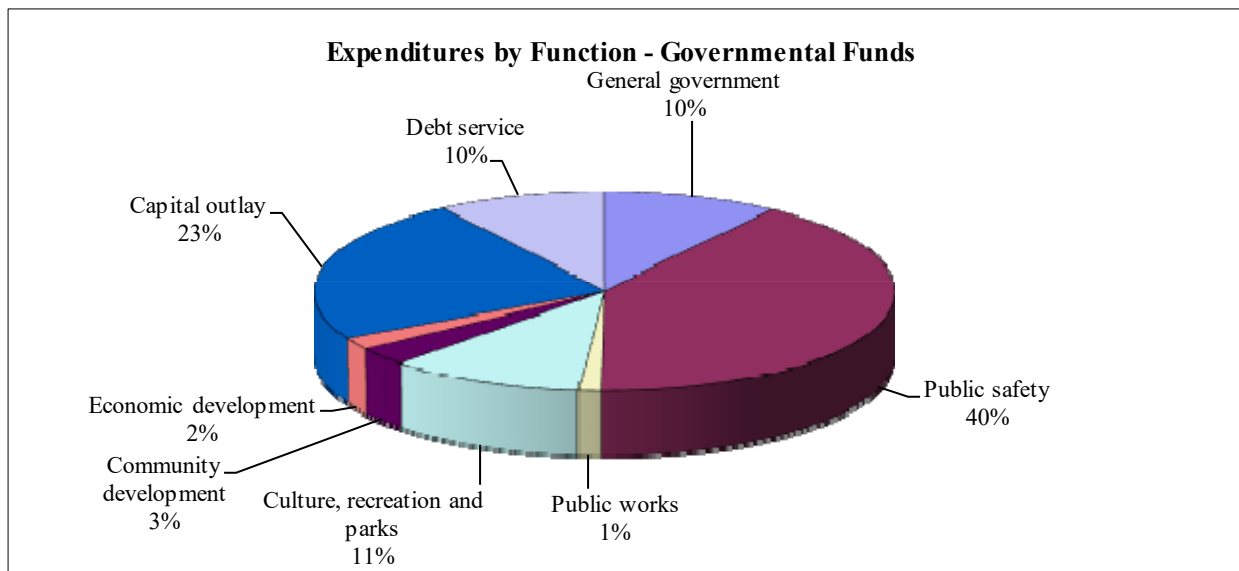
The Crime Control and Prevention District is funded with a .375% sales tax. Sales tax revenue of the Crime Control and Prevention District was \$1,733,824 and funded police expenditures of \$1,268,013 during the current year. Fund balance at year-end is \$881,179.

The road and street capital projects fund is funded with a .375% sales tax. Sales tax revenue of the road and street fund was \$1,741,482 and funded capital projects of \$1,859,875. Fund balance at year-end is \$2,020,043.

Below are two graphs summarizing governmental fund revenue and expenditures.



\*\*\*\*\*



**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund and Drainage Utility Fund at the end of the year were \$4,390,693 and \$659,833 respectively. The Water and Sewer Fund and Drainage Utility Fund net position increased \$1,390,986 and \$335,635 respectively. Factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

## General Fund Budgetary Highlights

The City amended its budget during the year. Revenues were increased \$668,540 to reflect an increase in sales tax. Expenditures were increased \$262,387. During the year, actual revenues were \$342,046 more than budgeted because sales tax exceeded expectations. Actual expenditures were \$217,601 more than budgeted because of the financed purchase of an ambulance.

## Capital Assets

The City's investment in capital assets for its governmental and business type activities as of September 30, 2022, amounts to \$49,545,930, (net of accumulated depreciation). This investment in capital assets includes land, buildings, water and sewer systems, improvements other than buildings, machinery and equipment, and infrastructure.

Major capital asset events during the current fiscal year included the following:

### Governmental Activities:

|                                                   |           |
|---------------------------------------------------|-----------|
| • 2022 Street improvements                        | \$543,480 |
| • Rufe Snow Street reconstruction                 | 585,858   |
| • Construction costs to complete new fire station | 228,370   |
| • Ambulance                                       | 299,855   |
| • 2021 Street improvements                        | 712,197   |

### Business-type activities:

|                                               |           |
|-----------------------------------------------|-----------|
| • Water meter replacement project in progress | \$196,184 |
| • Holt Caterpillar Loader                     | 174,927   |

## The City of Richland Hills's Capital Assets (Net of Depreciation)

|                          | Governmental Activities |                      | Business-type Activities |                      | Total                |                      |
|--------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|                          | 09/30/2022              | 09/30/2021           | 09/30/2022               | 09/30/2021           | 09/30/2022           | 09/30/2021           |
| Land                     | \$ 830,414              | \$ 830,414           | \$ 256,267               | \$ 256,267           | \$ 1,086,681         | \$ 1,086,681         |
| Construction in progress | 1,291,092               | 7,648,710            | 286,662                  | -                    | 1,577,754            | 7,648,710            |
| Buildings                | 16,602,235              | 10,416,749           | 40,048                   | 42,518               | 16,642,283           | 10,459,267           |
| Improvements             | 2,985,111               | 3,273,541            | 6,032,007                | 6,232,507            | 9,017,118            | 9,506,048            |
| Water and sewer systems  | -                       | -                    | 11,168,929               | 11,706,803           | 11,168,929           | 11,706,803           |
| Machinery and equipment  | 2,065,116               | 2,122,452            | 224,770                  | 90,091               | 2,289,886            | 2,212,543            |
| Infrastructure           | 7,501,493               | 6,055,083            | -                        | -                    | 7,501,493            | 6,055,083            |
| Leased machinery & equip | 154,839                 | -                    | 106,947                  | -                    | 261,786              | -                    |
| Total                    | <u>\$ 31,430,300</u>    | <u>\$ 30,346,949</u> | <u>\$ 18,115,630</u>     | <u>\$ 18,328,186</u> | <u>\$ 49,545,930</u> | <u>\$ 48,675,135</u> |

Additional information on the City's capital assets can be found in note 1.D.6 and note 7 to the financial statements.

## Long-Term Debt

At year-end the City had \$26,255,572 in long-term debt outstanding. \$15,390,000 are general obligation bonds backed by the full faith and credit of the City and \$7,960,000 are certificates of obligation secured by a combination of tax and revenue. The City's outstanding tax supported debt is rated "AA" by Standard & Poor's Ratings Services.

### City of Richland Hills's Outstanding Debt

|                            | Governmental Activities |                      | Business-type Activities |                     | Total                |                      |
|----------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
|                            | 09/30/2022              | 09/30/2021           | 09/30/2022               | 09/30/2021          | 09/30/2022           | 09/30/2021           |
| Certificates of Obligation | \$ 3,665,000            | \$ 3,860,000         | \$ 4,295,000             | \$ 4,750,000        | \$ 7,960,000         | \$ 8,610,000         |
| General Obligation         | 13,411,250              | 13,751,750           | 1,978,750                | 2,283,250           | 15,390,000           | 16,035,000           |
| Tax Notes                  | 405,000                 | 500,000              | -                        | -                   | 405,000              | 500,000              |
| Financed purchases         | 817,108                 | 585,961              | 1,420,753                | -                   | 2,237,861            | 585,961              |
| Lease financing            | 155,414                 | -                    | 107,297                  | -                   | 262,711              | -                    |
| Total                      | <u>\$ 18,453,772</u>    | <u>\$ 18,697,711</u> | <u>\$ 7,801,800</u>      | <u>\$ 7,033,250</u> | <u>\$ 26,255,572</u> | <u>\$ 25,730,961</u> |

More detailed information about the City's debt is presented in note 8 to the Financial Statements.

### Economic factors and the Next Year's Budgets and Rates

The City's tax year 2022 (fiscal year 2023) total taxable value, as provided by the Tarrant Appraisal District is \$791,107,294 an increase of 11% over 2021 tax year (fiscal 2022) total taxable value of \$710,674,835. The property tax rate in the fiscal year 2023 adopted budget is \$0.538885, which is lower than the total tax rate of fiscal year 2022 by 2 cents. The maintenance and operations rate increased as compared to fiscal 2022 to 0.413628 and the debt rate decreased to \$0.125257. The estimated property tax revenue for fiscal year 2023 is \$3,239,519 which represents an increase of 12% over the projected tax revenues for fiscal year 2022 due to an increase in assessed property values in the Tarrant County area.

In the General Fund, total operating revenues for fiscal year 2023 are \$9,318,263. Sales tax revenue is projected at a total of \$4.7 million and is an increase of 12% over the 2022 projections. Despite the economic climate due to COVID-19 and supply chain constraints, the City's sales tax collections were robust mainly due to high sales in the industrial sector of the City. Other revenue sources such as building permit revenues are projected to increase during fiscal 2023 by 36% due to a couple of planned townhome developments approved during FY22 and are set to commence during FY23. Fines and fees are projected to decrease by 5% over 2022 due to a decrease of citations and the inability of defendants to pay their fines. This is mostly due to an increase in unemployment in the area. Total expenditures for the General Fund are budgeted at \$8,716,929 and fall well below the projected total revenues of \$9.3 million during fiscal 2023. There are transfers budgeted in the amount of \$2,860,491 that will be going out to fund capital lease payments for the fire engine, a new ambulance and Opticom system as well as interfund transfers to the Link and TIF fund. One major change is a transfer out from the General Fund balance to the newly created Strategic Initiative Fund in the amount of \$2.4 million. This new fund was approved by council to "sweep" excess General Fund balance (unassigned reserves) and utilize the funds for one-time projects such as improvements to technology, building improvements, street improvements and other approved funds.

Water and wastewater revenues for fiscal year 2023 are projected at \$7,280,353 which is a 43% increase due to the water meter project's financing. The water meter project will cost \$2,406,753 with \$1M

coming from water & wastewater fund balance and the remaining \$1,406,753 being financed. The total amount is budgeted as a revenue for budgeting purposes. The corresponding expenditure is also budgeted in the water department. No water rate increases are in effect for fiscal year 2023. Proposed expenses to the water and wastewater fund are \$6,960,544 which are below the expected income by \$319,809. The budgeted revenues and expenditures take a conservative approach, and it is anticipated that the City's financial position will remain stable.

### **Request for Information**

The financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 3200 Diana Drive, Richland Hills, Texas 76118.

## **BASIC FINANCIAL STATEMENTS**

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## EXHIBIT A-1

**CITY OF RICHLAND HILLS, TEXAS**  
**Statement of Net Position**  
**September 30, 2022**

|                                                     | Primary Government   |                      |                      |
|-----------------------------------------------------|----------------------|----------------------|----------------------|
|                                                     | Governmental         | Business-type        | Total                |
|                                                     | Activities           | Activities           |                      |
| <b>ASSETS</b>                                       |                      |                      |                      |
| Cash and cash equivalents                           | \$ 10,247,420        | \$ 3,252,972         | \$ 13,500,392        |
| Investments                                         | 1,822,497            | 1,417,538            | 3,240,035            |
| Receivables (Net of allowances for uncollectibles)  |                      |                      |                      |
| Property tax                                        | 62,676               | -                    | 62,676               |
| Sales tax                                           | 1,787,784            | -                    | 1,787,784            |
| Franchise taxes                                     | 302,552              | -                    | 302,552              |
| Accounts                                            | 727,438              | 800,736              | 1,528,174            |
| Intergovernmental                                   | 943                  | -                    | 943                  |
| Other                                               | 204,843              | -                    | 204,843              |
| Internal balances                                   | 657                  | (657)                | -                    |
| Prepays                                             | 65,694               | 106                  | 65,800               |
| Supplies inventory - at cost                        | -                    | 103,351              | 103,351              |
| Restricted assets:                                  |                      |                      |                      |
| Cash and cash equivalents                           | -                    | 1,551,503            | 1,551,503            |
| Investments                                         | -                    | 1,792,034            | 1,792,034            |
| Net pension asset                                   | 75,721               | 10,024               | 85,745               |
| Capital assets                                      |                      |                      |                      |
| Non-depreciable assets                              | 2,121,506            | 542,929              | 2,664,435            |
| Depreciable assets, net                             | 29,308,794           | 17,572,701           | 46,881,495           |
| Total Assets                                        | <u>46,728,525</u>    | <u>27,043,237</u>    | <u>73,771,762</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>               |                      |                      |                      |
| Deferred loss on refunding                          | -                    | 32,114               | 32,114               |
| Deferred outflows related to pensions               | 707,703              | 111,548              | 819,251              |
| Deferred outflows related to OPEB                   | 61,218               | 8,382                | 69,600               |
| Total deferred Outflows of Resources                | <u>768,921</u>       | <u>152,044</u>       | <u>920,965</u>       |
| <b>LIABILITIES:</b>                                 |                      |                      |                      |
| Accounts payable                                    | 950,112              | 318,642              | 1,268,754            |
| Accrued liabilities                                 | 274,243              | 43,464               | 317,707              |
| Unearned Revenue                                    | 30,795               | -                    | 30,795               |
| Current Liabilities Payable from Restricted Assets: |                      |                      |                      |
| Unearned grant revenue                              | -                    | 1,771,959            | 1,771,959            |
| Interest payable                                    | 91,413               | 27,488               | 118,901              |
| Customer deposits                                   | -                    | 143,578              | 143,578              |
| Noncurrent liabilities:                             |                      |                      |                      |
| Due Within One Year                                 | 1,018,441            | 809,687              | 1,828,128            |
| Due in More Than One Year                           | 18,910,755           | 7,308,766            | 26,219,521           |
| Total Liabilities                                   | <u>21,275,759</u>    | <u>10,423,584</u>    | <u>31,699,343</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                |                      |                      |                      |
| Deferred inflows related to pensions                | 1,944,367            | 257,385              | 2,201,752            |
| Deferred inflows related to OPEB                    | 21,653               | 2,866                | 24,519               |
| Total deferred inflows of Resources                 | <u>1,966,020</u>     | <u>260,251</u>       | <u>2,226,271</u>     |
| <b>NET POSITION:</b>                                |                      |                      |                      |
| Net investments in Capital Assets                   | 12,326,976           | 11,460,920           | 23,787,896           |
| Restricted for                                      |                      |                      |                      |
| Public Safety                                       | 974,811              | -                    | 974,811              |
| Culture and recreation                              | 97,290               | -                    | 97,290               |
| Parks and beautification                            | 57,571               | -                    | 57,571               |
| Economic development                                | 1,802,626            | -                    | 1,802,626            |
| Debt Service                                        | 569,945              | -                    | 569,945              |
| Capital projects                                    | 3,748,523            | -                    | 3,748,523            |
| Unrestricted Net Position                           | 4,677,925            | 5,050,526            | 9,728,451            |
| Total Net Position                                  | <u>\$ 24,255,667</u> | <u>\$ 16,511,446</u> | <u>\$ 40,767,113</u> |

The notes to the financial statements are an integral part of this statement.

**CITY OF RICHLAND HILLS, TEXAS**  
**Statement of Activities**  
**For the Fiscal Year Ended September 30, 2022**

| Functions/Programs                | Expenses          | Program Revenues     |                                    |                                  |
|-----------------------------------|-------------------|----------------------|------------------------------------|----------------------------------|
|                                   |                   | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government                |                   |                      |                                    |                                  |
| Governmental activities:          |                   |                      |                                    |                                  |
| General government                | \$ 1,380,007      | \$ 1,984             | \$ -                               | \$ -                             |
| Public safety                     | 6,086,145         | 639,355              | 14,690                             | -                                |
| Public works                      | 838,964           | -                    | -                                  | -                                |
| Culture and recreation            | 1,588,342         | 596,566              | 8,557                              | -                                |
| Parks and beautification          | 684,518           | -                    | 15,705                             | -                                |
| Community development             | 409,804           | 211,399              | -                                  | -                                |
| Economic development              | 283,064           | -                    | -                                  | -                                |
| Interest and fiscal agent charges | 551,242           | -                    | -                                  | -                                |
| Total governmental activities     | <u>11,822,086</u> | <u>1,449,304</u>     | <u>38,952</u>                      | <u>-</u>                         |
| Business-type activities:         |                   |                      |                                    |                                  |
| Water and sewer                   | 4,032,448         | 5,292,760            | -                                  | 202,578                          |
| Drainage utility                  | <u>537,734</u>    | <u>834,524</u>       | <u>-</u>                           | <u>-</u>                         |
| Total business-type activities    | <u>4,570,182</u>  | <u>6,127,284</u>     | <u>-</u>                           | <u>202,578</u>                   |
| Total primary government          | \$ 16,392,268     | \$ 7,576,588         | \$ 38,952                          | \$ 202,578                       |

General Revenues:

Taxes:

Property Taxes, levied for general purposes  
Property Taxes, levied for debt service  
Property Taxes, levied for TIF Zone  
Sales Taxes  
Franchise Taxes  
Hotel Occupancy Taxes  
Investment Earnings  
Gain on disposal of capital assets  
Miscellaneous Revenues

Transfers

Total General Revenues and Transfers

**CHANGE IN NET POSITION**

**NET POSITION, OCTOBER 1, 2021**

**NET POSITION, SEPTEMBER 30, 2022**

The notes to the financial statements are an integral part of this statement.

**EXHIBIT B-1**

Net (Expense) Revenue and Changes in Net Assets

|    |                     |    | <u>Primary Government</u> |                       |
|----|---------------------|----|---------------------------|-----------------------|
|    | <u>Governmental</u> |    | <u>Business-type</u>      |                       |
|    | <u>Activities</u>   |    | <u>Activities</u>         | <u>Total</u>          |
| \$ | (1,378,023)         | \$ | -                         | \$ (1,378,023)        |
|    | (5,432,100)         |    | -                         | (5,432,100)           |
|    | (838,964)           |    | -                         | (838,964)             |
|    | (983,219)           |    | -                         | (983,219)             |
|    | (668,813)           |    | -                         | (668,813)             |
|    | (198,405)           |    | -                         | (198,405)             |
|    | (283,064)           |    | -                         | (283,064)             |
|    | (551,242)           |    | -                         | (551,242)             |
|    | <u>(10,333,830)</u> |    | <u>-</u>                  | <u>(10,333,830)</u>   |
|    | -                   |    | 1,462,890                 | 1,462,890             |
|    | -                   |    | 296,790                   | 296,790               |
|    | <u>-</u>            |    | <u>1,759,680</u>          | <u>1,759,680</u>      |
| \$ | <u>(10,333,830)</u> | \$ | <u>1,759,680</u>          | \$ <u>(8,574,150)</u> |
|    |                     |    |                           |                       |
| \$ | 2,790,151           | \$ | -                         | \$ 2,790,151          |
|    | 1,025,312           |    | -                         | 1,025,312             |
|    | 175,574             |    | -                         | 175,574               |
|    | 9,283,031           |    | -                         | 9,283,031             |
|    | 569,457             |    | -                         | 569,457               |
|    | 214,587             |    | -                         | 214,587               |
|    | 15,723              |    | 16,756                    | 32,479                |
|    | 23,915              |    | 85,830                    | 109,745               |
|    | 428,601             |    | -                         | 428,601               |
|    | 135,645             |    | (135,645)                 | -                     |
|    | <u>14,661,996</u>   |    | <u>(33,059)</u>           | <u>14,628,937</u>     |
|    | 4,328,166           |    | 1,726,621                 | 6,054,787             |
|    | <u>19,927,501</u>   |    | <u>14,784,825</u>         | <u>34,712,326</u>     |
| \$ | <u>24,255,667</u>   | \$ | <u>16,511,446</u>         | \$ <u>40,767,113</u>  |

## CITY OF RICHLAND HILLS, TEXAS

**Balance Sheet**  
**Governmental Funds**  
**September 30, 2022**

|                                                            | General          | Crime<br>Control<br>District | Road &<br>Street<br>Capital Projects | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|------------------------------------------------------------|------------------|------------------------------|--------------------------------------|--------------------------------|--------------------------------|
| <b>ASSETS:</b>                                             |                  |                              |                                      |                                |                                |
| Cash and cash equivalents                                  | \$ 5,024,710     | \$ 584,291                   | \$ 2,148,365                         | \$ 2,490,054                   | \$ 10,247,420                  |
| Investments                                                | 43,279           | -                            | -                                    | 1,779,218                      | 1,822,497                      |
| Receivables (Net of allowances<br>for uncollectibles)      |                  |                              |                                      |                                |                                |
| Property tax                                               | 51,642           | -                            | -                                    | 11,034                         | 62,676                         |
| Sales tax                                                  | 894,741          | 333,830                      | 335,528                              | 223,685                        | 1,787,784                      |
| Franchise taxes                                            | 302,552          | -                            | -                                    | -                              | 302,552                        |
| Accounts                                                   | 727,438          | -                            | -                                    | -                              | 727,438                        |
| Intergovernmental                                          | -                | 943                          | -                                    | -                              | 943                            |
| Other                                                      | -                | -                            | -                                    | 204,843                        | 204,843                        |
| Due from other funds                                       | 657              | -                            | -                                    | 1,300                          | 1,957                          |
| Prepays                                                    | 65,694           | -                            | -                                    | -                              | 65,694                         |
|                                                            | <u>7,110,713</u> | <u>919,064</u>               | <u>2,483,893</u>                     | <u>4,710,134</u>               | <u>15,223,804</u>              |
| Total assets                                               | \$               | \$                           | \$                                   | \$                             | \$                             |
| <b>LIABILITIES, DEFERRED INFLOWS<br/>AND FUND BALANCES</b> |                  |                              |                                      |                                |                                |
| <b>Liabilities:</b>                                        |                  |                              |                                      |                                |                                |
| Accounts payable                                           | \$ 286,078       | \$ 10,035                    | \$ 463,850                           | \$ 190,149                     | \$ 950,112                     |
| Accrued liabilities                                        | 227,279          | 27,850                       | -                                    | 19,114                         | 274,243                        |
| Due to other funds                                         | 1,300            | -                            | -                                    | -                              | 1,300                          |
| Unearned Revenue                                           | -                | -                            | -                                    | 30,795                         | 30,795                         |
|                                                            | <u>514,657</u>   | <u>37,885</u>                | <u>463,850</u>                       | <u>240,058</u>                 | <u>1,256,450</u>               |
| Total liabilities                                          |                  |                              |                                      |                                |                                |
| <b>Deferred inflow of resources:</b>                       |                  |                              |                                      |                                |                                |
| Deferred revenue                                           | 1,043,955        | -                            | -                                    | 11,034                         | 1,054,989                      |
|                                                            | <u>1,043,955</u> | <u>-</u>                     | <u>-</u>                             | <u>11,034</u>                  | <u>1,054,989</u>               |
| Total deferred revenue                                     |                  |                              |                                      |                                |                                |
| <b>Fund Balances:</b>                                      |                  |                              |                                      |                                |                                |
| <b>Nonspendable:</b>                                       |                  |                              |                                      |                                |                                |
| Prepaid items                                              | 65,694           | -                            | -                                    | -                              | 65,694                         |
| <b>Restricted for:</b>                                     |                  |                              |                                      |                                |                                |
| Public Safety                                              | -                | 881,179                      | -                                    | 93,632                         | 974,811                        |
| Culture and recreation                                     | -                | -                            | -                                    | 97,290                         | 97,290                         |
| Parks and beautification                                   | -                | -                            | -                                    | 57,571                         | 57,571                         |
| Economic development                                       | -                | -                            | -                                    | 1,802,626                      | 1,802,626                      |
| Debt Service                                               | -                | -                            | -                                    | 558,911                        | 558,911                        |
| Capital projects                                           | -                | -                            | 2,020,043                            | 1,841,638                      | 3,861,681                      |
| Assigned for capital projects                              | -                | -                            | -                                    | 7,374                          | 7,374                          |
| Unassigned                                                 | 5,486,407        | -                            | -                                    | -                              | 5,486,407                      |
|                                                            | <u>5,552,101</u> | <u>881,179</u>               | <u>2,020,043</u>                     | <u>4,459,042</u>               | <u>12,912,365</u>              |
| Total fund balances                                        |                  |                              |                                      |                                |                                |
| Total liabilities, deferred inflows<br>and fund balances   | \$ 7,110,713     | \$ 919,064                   | \$ 2,483,893                         | \$ 4,710,134                   | \$ 15,223,804                  |

The notes to the financial statements are an integral part of this statement.

**CITY OF RICHLAND HILLS, TEXAS**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**To the Statement of Net Position**  
**September 30, 2022**

|                                                                                                                                                                                                                                                                                                                                                      |               |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| Total Fund Balances - Governmental Funds                                                                                                                                                                                                                                                                                                             | \$ 12,912,365 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of these assets was \$61,145,806 and the accumulated depreciation and amortization was \$29,715,506                                                                                                    | 31,430,300    |
| Long-term liabilities, including \$18,243,960 bonds payable, tax notes and premiums, \$817,108 financed purchases \$155,414 lease financing, and \$353,068 compensated absences payable are not due and payable in the current period, and, therefore are not reported as liabilities in the fund financial statements.                              | (19,569,550)  |
| Interest payable is not expected to be liquidated with available financial resources and is not reported as a liability in the fund financial statements.                                                                                                                                                                                            | (91,413)      |
| Current receivables are not available soon enough to pay for the current period's expenditures and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.                                                                                                    | 1,054,989     |
| Included in the items related to noncurrent liabilities is the recognition of the City's net pension asset required by GASB 68 in the amount of \$75,751, a deferred resource inflow related to pensions of \$1,944,367, and a deferred resource outflow related to pensions in the amount of \$707,703. This amounts to a decrease in net position. | (1,160,943)   |
| Included in the items related to noncurrent liabilities is the recognition of the City's OPEB liability required by GASB 75 in the amount of \$359,646 and a deferred resource inflow related to OPEB in the amount of \$21,653, and a deferred resource outflow related to OPEB in the amount of \$61,218. This is a decrease in net position.      | (320,081)     |
| Net Position of Governmental Activities                                                                                                                                                                                                                                                                                                              | \$ 24,255,667 |

**CITY OF RICHLAND HILLS, TEXAS**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended September 30, 2022**

|                                                                      | General             | Crime<br>Control<br>District | Road &<br>Street<br>Capital Projects | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|----------------------------------------------------------------------|---------------------|------------------------------|--------------------------------------|--------------------------------|--------------------------------|
| <b>REVENUES</b>                                                      |                     |                              |                                      |                                |                                |
| Taxes:                                                               |                     |                              |                                      |                                |                                |
| Property                                                             | \$ 2,803,083        | \$ -                         | \$ -                                 | \$ 1,202,936                   | \$ 4,006,019                   |
| Sales                                                                | 4,574,082           | 1,733,824                    | 1,741,482                            | 1,233,643                      | 9,283,031                      |
| Franchise                                                            | 549,332             | -                            | -                                    | -                              | 549,332                        |
| Hotel occupancy tax                                                  | -                   | -                            | -                                    | 214,587                        | 214,587                        |
| Fines and forfeitures                                                | 298,258             | -                            | -                                    | 10,495                         | 308,753                        |
| Licenses and permits                                                 | 177,429             | -                            | -                                    | -                              | 177,429                        |
| Charges for service                                                  | 296,852             | -                            | -                                    | 596,536                        | 893,388                        |
| Intergovernmental revenue                                            | 3,296               | 1,603                        | -                                    | -                              | 4,899                          |
| Investment earnings                                                  | 6,843               | -                            | -                                    | 8,880                          | 15,723                         |
| Other revenue                                                        | 174,816             | -                            | -                                    | 348,375                        | 523,191                        |
| Total revenues                                                       | <u>8,883,991</u>    | <u>1,735,427</u>             | <u>1,741,482</u>                     | <u>3,615,452</u>               | <u>15,976,352</u>              |
| <b>EXPENDITURES</b>                                                  |                     |                              |                                      |                                |                                |
| Current                                                              |                     |                              |                                      |                                |                                |
| General government                                                   | 1,399,903           | -                            | -                                    | 6,040                          | 1,405,943                      |
| Public safety                                                        | 4,487,357           | 1,222,419                    | -                                    | 6,945                          | 5,716,721                      |
| Public works                                                         | 181,835             | -                            | -                                    | -                              | 181,835                        |
| Culture and recreation                                               | 669,104             | -                            | -                                    | 709,554                        | 1,378,658                      |
| Parks and beautification                                             | 163,819             | -                            | -                                    | 10,840                         | 174,659                        |
| Community development                                                | 415,999             | -                            | -                                    | -                              | 415,999                        |
| Economic development                                                 | -                   | -                            | -                                    | 281,478                        | 281,478                        |
| Capital outlay                                                       | 462,507             | 45,594                       | 1,859,875                            | 933,937                        | 3,301,913                      |
| Debt service:                                                        |                     |                              |                                      |                                |                                |
| Principal                                                            | -                   | -                            | -                                    | 706,953                        | 706,953                        |
| Interest and fiscal agent charges                                    | -                   | -                            | -                                    | 637,049                        | 637,049                        |
| Total expenditures                                                   | <u>7,780,524</u>    | <u>1,268,013</u>             | <u>1,859,875</u>                     | <u>3,292,796</u>               | <u>14,201,208</u>              |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>1,103,467</u>    | <u>467,414</u>               | <u>(118,393)</u>                     | <u>322,656</u>                 | <u>1,775,144</u>               |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                     |                              |                                      |                                |                                |
| Insurance recoveries                                                 | -                   | -                            | -                                    | 18,708                         | 18,708                         |
| Sale of capital assets                                               | -                   | -                            | -                                    | 23,915                         | 23,915                         |
| Financed purchases                                                   | 299,855             | -                            | -                                    | -                              | 299,855                        |
| Lease financing                                                      | -                   | -                            | -                                    | 163,159                        | 163,159                        |
| Transfers in                                                         | 78,339              | 9,988                        | 251,480                              | 625,443                        | 965,250                        |
| Transfers out                                                        | (362,691)           | (116,860)                    | -                                    | (350,054)                      | (829,605)                      |
| Total other financing sources (uses)                                 | <u>15,503</u>       | <u>(106,872)</u>             | <u>251,480</u>                       | <u>481,171</u>                 | <u>641,282</u>                 |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | 1,118,970           | 360,542                      | 133,087                              | 803,827                        | 2,416,426                      |
| <b>FUND BALANCE, OCTOBER 1, 2021</b>                                 | <u>4,433,131</u>    | <u>520,637</u>               | <u>1,886,956</u>                     | <u>3,655,215</u>               | <u>10,495,939</u>              |
| <b>FUND BALANCE, SEPTEMBER 30, 2022</b>                              | <u>\$ 5,552,101</u> | <u>\$ 881,179</u>            | <u>\$ 2,020,043</u>                  | <u>\$ 4,459,042</u>            | <u>\$ 12,912,365</u>           |

The notes to the financial statements are an integral part of this statement.

**CITY OF RICHLAND HILLS, TEXAS**  
**Reconciliation of Statement of Revenues,**  
**Expenditures and Changes in Fund Balances of**  
**The Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended September 30, 2022**

|                                                                                                                                                                                                                                                                                                                                                                                              |                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| Total Net Change in Fund Balances - Governmental Funds                                                                                                                                                                                                                                                                                                                                       | \$ 2,416,426               |
| Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including \$3,079,158 of capital outlays and \$706,953 of debt principal payments is to increase net position. | 3,786,111                  |
| Depreciation and amortization is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.                                                                                                                                                           | (1,995,807)                |
| Current year financed purchases and lease financing are other financing sources in the fund financial statements. The net effect of the increase in financed purchases and lease financing liabilities is a decrease in net position.                                                                                                                                                        | (463,014)                  |
| Interest payable and compensated absences are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The \$3,617 increase in interest payable and \$72,418 increase in compensated absences payable, and the \$89,424 amortization of deferred charges, premiums and discounts increase net position.                                       | 13,389                     |
| Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.                                                                                                                                                                                                                                           | (4,368)                    |
| GASB requires the City to recognize its net pension liability and deferred resource outflow and inflows related to pensions. The changes in these balances increased net position.                                                                                                                                                                                                           | 598,140                    |
| GASB requires the City to recognize its OPEB liability and deferred resource outflow and inflows related to OPEBs. The changes in these balances decreased net position.                                                                                                                                                                                                                     | (22,711)                   |
| Change in Net Position of Governmental Activities                                                                                                                                                                                                                                                                                                                                            | <u><u>\$ 4,328,166</u></u> |

The notes to the financial statements are an integral part of this statement.

## CITY OF RICHLAND HILLS, TEXAS

## Statement of Net Position

## Proprietary Funds

September 30, 2022

|                                                     | Water and<br>Sewer Fund | Drainage<br>Utility<br>Fund | Totals               |
|-----------------------------------------------------|-------------------------|-----------------------------|----------------------|
| <b>ASSETS:</b>                                      |                         |                             |                      |
| Current Assets:                                     |                         |                             |                      |
| Cash and cash equivalents                           | \$ 2,718,468            | \$ 534,504                  | \$ 3,252,972         |
| Investments                                         | 1,303,552               | 113,986                     | 1,417,538            |
| Receivables (Net of allowance for uncollectibles):  |                         |                             |                      |
| Accounts                                            | 731,779                 | 68,957                      | 800,736              |
| Prepays                                             | 106                     | -                           | 106                  |
| Supplies inventory                                  | 103,351                 | -                           | 103,351              |
| Restricted Assets:                                  |                         |                             |                      |
| Cash and cash equivalents                           | 1,551,503               | -                           | 1,551,503            |
| Investments                                         | 1,792,034               | -                           | 1,792,034            |
| Total current assets                                | <u>8,200,793</u>        | <u>717,447</u>              | <u>8,918,240</u>     |
| Noncurrent Assets:                                  |                         |                             |                      |
| Net Pension Asset                                   | 8,369                   | 1,655                       | 10,024               |
| Capital assets                                      |                         |                             |                      |
| Non-depreciable assets                              | 493,929                 | 49,000                      | 542,929              |
| Depreciable assets, net                             | 11,387,290              | 6,185,411                   | 17,572,701           |
| Total capital assets                                | <u>11,881,219</u>       | <u>6,234,411</u>            | <u>18,115,630</u>    |
| Total noncurrent assets                             | <u>11,889,588</u>       | <u>6,236,066</u>            | <u>18,125,654</u>    |
| Total assets                                        | <u>\$ 20,090,381</u>    | <u>\$ 6,953,513</u>         | <u>\$ 27,043,894</u> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>               |                         |                             |                      |
| Deferred loss on refunding                          | 5,257                   | 26,857                      | 32,114               |
| Deferred outflows related to pensions               | 96,245                  | 15,303                      | 111,548              |
| Deferred outflows related to OPEB                   | 7,047                   | 1,335                       | 8,382                |
| Total deferred outflows of resources                | <u>108,549</u>          | <u>43,495</u>               | <u>152,044</u>       |
| <b>LIABILITIES:</b>                                 |                         |                             |                      |
| Current Liabilities:                                |                         |                             |                      |
| Accounts payable                                    | \$ 312,147              | \$ 6,495                    | \$ 318,642           |
| Accrued liabilities                                 | 39,219                  | 4,245                       | 43,464               |
| Due to other funds                                  | 657                     | -                           | 657                  |
| Current Liabilities Payable from Restricted Assets: |                         |                             |                      |
| Current portion of noncurrent liabilities           | 412,987                 | 396,700                     | 809,687              |
| Unearned grant revenue                              | 1,771,959               | -                           | 1,771,959            |
| Interest payable                                    | 15,258                  | 12,230                      | 27,488               |
| Customer deposits payable                           | 143,578                 | -                           | 143,578              |
| Total current liabilities                           | <u>2,695,805</u>        | <u>419,670</u>              | <u>3,115,475</u>     |
| Noncurrent Liabilities:                             |                         |                             |                      |
| Compensated absences payable                        | 15,046                  | 1,688                       | 16,734               |
| OPEB liability                                      | 39,748                  | 7,860                       | 47,608               |
| Financed purchases                                  | 1,297,254               | -                           | 1,297,254            |
| Lease financing                                     | 88,349                  | -                           | 88,349               |
| Bonds payable                                       | 2,276,035               | 3,582,786                   | 5,858,821            |
| Total noncurrent liabilities                        | <u>3,716,432</u>        | <u>3,592,334</u>            | <u>7,308,766</u>     |
| Total liabilities                                   | <u>6,412,237</u>        | <u>4,012,004</u>            | <u>10,424,241</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                |                         |                             |                      |
| Deferred Inflows related to pensions                | 214,891                 | 42,494                      | 257,385              |
| Deferred Inflows related to OPEB                    | 2,393                   | 473                         | 2,866                |
| Total deferred outflows of resources                | <u>217,284</u>          | <u>42,967</u>               | <u>260,251</u>       |
| <b>NET POSITION:</b>                                |                         |                             |                      |
| Net Investment in capital assets                    | 9,178,716               | 2,282,204                   | 11,460,920           |
| Unrestricted                                        | 4,390,693               | 659,833                     | 5,050,526            |
| Total net assets                                    | <u>\$ 13,569,409</u>    | <u>\$ 2,942,037</u>         | <u>\$ 16,511,446</u> |

The notes to the financial statements are an integral part of this statement.

**CITY OF RICHLAND HILLS, TEXAS**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended September 30, 2022**

|                                                  | Water and<br>Sewer Fund | Drainage<br>Utility<br>Fund | Totals               |
|--------------------------------------------------|-------------------------|-----------------------------|----------------------|
| <b>OPERATING REVENUES</b>                        |                         |                             |                      |
| Charges for sales and services:                  |                         |                             |                      |
| Water sales                                      | \$ 2,735,075            | \$ -                        | \$ 2,735,075         |
| Sewer charges                                    | 1,918,549               | -                           | 1,918,549            |
| Infrastructure improvement fees                  | -                       | 834,524                     | 834,524              |
| Garbage charges                                  | 485,589                 |                             | 485,589              |
| Late payment fee                                 | 87,761                  | -                           | 87,761               |
| Miscellaneous fees and charges                   | 65,786                  | -                           | 65,786               |
|                                                  | <u>5,292,760</u>        | <u>834,524</u>              | <u>6,127,284</u>     |
| Total operating revenue                          |                         |                             |                      |
| <b>OPERATING EXPENSES</b>                        |                         |                             |                      |
| Personnel                                        | 752,679                 | 121,018                     | 873,697              |
| Contractual services                             | 146,143                 | 28,494                      | 174,637              |
| Maintenance and repairs                          | 396,074                 | 66,767                      | 462,841              |
| Water purchase                                   | 479,102                 | -                           | 479,102              |
| Sewage treatment                                 | 755,787                 | -                           | 755,787              |
| Garbage service                                  | 482,121                 | -                           | 482,121              |
| Other supplies and expenses                      | 363,461                 | 6,428                       | 369,889              |
| Depreciation                                     | 572,926                 | 219,852                     | 792,778              |
|                                                  | <u>3,948,293</u>        | <u>442,559</u>              | <u>4,390,852</u>     |
| Total operating expenses                         |                         |                             |                      |
| Operating income (loss)                          | <u>1,344,467</u>        | <u>391,965</u>              | <u>1,736,432</u>     |
| <b>NONOPERATING REVENUES (EXPENSES)</b>          |                         |                             |                      |
| Investment Earnings                              | 15,959                  | 797                         | 16,756               |
| Gain on disposal of capital assets               | 51,100                  | 34,730                      | 85,830               |
| Interest expense and fiscal agent charges        | (84,155)                | (95,175)                    | (179,330)            |
|                                                  | <u>(17,096)</u>         | <u>(59,648)</u>             | <u>(76,744)</u>      |
| Total nonoperating revenues (expenses)           |                         |                             |                      |
| Income (loss) before contributions and transfers | 1,327,371               | 332,317                     | 1,659,688            |
| Capital contributions and transfers              |                         |                             |                      |
| Capital grant                                    | 202,578                 | -                           | 202,578              |
| Transfers in                                     | -                       | 3,318                       | 3,318                |
| Transfers out                                    | (138,963)               | -                           | (138,963)            |
| <b>CHANGE IN NET POSITION</b>                    | 1,390,986               | 335,635                     | 1,726,621            |
| <b>NET POSITION, OCTOBER 1, 2021</b>             | <u>12,178,423</u>       | <u>2,606,402</u>            | <u>14,784,825</u>    |
| <b>NET POSITION, SEPTEMBER 30, 2022</b>          | <u>\$ 13,569,409</u>    | <u>\$ 2,942,037</u>         | <u>\$ 16,511,446</u> |

The notes to the financial statements are an integral part of this statement.

**CITY OF RICHLAND HILLS, TEXAS**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended September 30, 2022**

|                                                                                                   | Water and<br>Sewer Fund | Drainage<br>Utility<br>Fund | Totals              |
|---------------------------------------------------------------------------------------------------|-------------------------|-----------------------------|---------------------|
| Cash flows from operating activities:                                                             |                         |                             |                     |
| Cash received from customers                                                                      | \$ 5,294,352            | \$ 790,278                  | \$ 6,084,630        |
| Cash paid to suppliers                                                                            | (2,710,886)             | (101,409)                   | (2,812,295)         |
| Cash paid to employees                                                                            | (838,615)               | (120,873)                   | (959,488)           |
| Net cash provided by operating activities                                                         | <u>1,744,851</u>        | <u>567,996</u>              | <u>2,312,847</u>    |
| Cash flow from noncapital financing activities:                                                   |                         |                             |                     |
| Increase (decrease) in due to other funds                                                         | 657                     | (1,730)                     | (1,073)             |
| Transfers in/(out)                                                                                | (138,963)               | 3,318                       | (135,645)           |
| Net cash provided (used) by noncapital financing activities                                       | <u>(138,306)</u>        | <u>1,588</u>                | <u>(136,718)</u>    |
| Cash flow from capital and related financing activities:                                          |                         |                             |                     |
| Proceeds from financed purchase                                                                   | 1,420,753               | -                           | 1,420,753           |
| Principal payments on long-term debt                                                              | (402,480)               | (360,000)                   | (762,480)           |
| Capital outlay                                                                                    | (295,018)               | (174,927)                   | (469,945)           |
| Proceeds from sale of capital assets                                                              | 51,100                  | 34,730                      | 85,830              |
| Capital grant                                                                                     | 989,216                 | -                           | 989,216             |
| Interest and fiscal agent charges                                                                 | (89,442)                | (107,662)                   | (197,104)           |
| Net cash (used) by capital and related financing activities                                       | <u>1,674,129</u>        | <u>(607,859)</u>            | <u>980,440</u>      |
| Cash flow from investing activities:                                                              |                         |                             |                     |
| Interest received                                                                                 | 15,959                  | 797                         | 16,756              |
| Purchase of investments                                                                           | (815,479)               | (797)                       | (816,276)           |
| Net cash provided by investing activities                                                         | <u>(799,520)</u>        | <u>-</u>                    | <u>(799,520)</u>    |
| Net increase (decrease) in cash and cash equivalents                                              | 2,481,154               | (38,275)                    | 2,357,049           |
| Cash and cash equivalents, October 1, 2021                                                        | <u>1,788,817</u>        | <u>572,779</u>              | <u>2,361,596</u>    |
| Cash and cash equivalents, September 30, 2022                                                     | <u>\$ 4,269,971</u>     | <u>\$ 534,504</u>           | <u>\$ 4,718,645</u> |
| Reconciliation of Operating Income to<br>Net Cash Provided (Used) by Operating Activities         |                         |                             |                     |
| Operating income (loss)                                                                           | \$ 1,344,467            | \$ 391,965                  | \$ 1,736,432        |
| Adjustments to reconcile operating income to<br>net cash provided (used) by operating activities: |                         |                             |                     |
| Depreciation expense                                                                              | 572,926                 | 219,852                     | 792,778             |
| (Increase) decrease in accounts receivable                                                        | (3,699)                 | (44,246)                    | (47,945)            |
| (Increase) decrease in prepaids                                                                   | (5)                     | -                           | (5)                 |
| (Increase) decrease in supplies inventory                                                         | (36,570)                | -                           | (36,570)            |
| Increase (decrease) in accounts payable                                                           | (51,623)                | 280                         | (51,343)            |
| Increase (decrease) in accrued liabilities                                                        | 20,564                  | 104                         | 20,668              |
| Increase (decrease) in compensated absences                                                       | (11,459)                | 1,506                       | (9,953)             |
| Increase (decrease) in net pension balances                                                       | (90,115)                | (4,123)                     | (94,238)            |
| Increase (decrease) in OPEB Balances                                                              | (4,926)                 | 2,658                       | (2,268)             |
| Increase (decrease) in customer meter deposits                                                    | 5,291                   | -                           | 5,291               |
| Total adjustments                                                                                 | <u>400,384</u>          | <u>176,031</u>              | <u>576,415</u>      |
| Net cash provided by operating activities                                                         | <u>\$ 1,744,851</u>     | <u>\$ 567,996</u>           | <u>\$ 2,312,847</u> |
| Noncash investing, capital and financing activities                                               |                         |                             |                     |
| Vehicles acquired with lease financing                                                            | \$ 110,277              | \$ -                        | \$ 110,277          |
| Total noncash investing, capital and financing activities                                         | <u>\$ 110,277</u>       | <u>\$ -</u>                 | <u>\$ 110,277</u>   |

The notes to the financial statements are an integral part of this statement.

**CITY OF RICHLAND HILLS, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2022**

**NOTE 1:      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.      Reporting Entity**

The City of Richland Hills is a municipal corporation governed by an elected mayor and five-member council. The financial statements of the City of Richland Hills, Texas ("City") include all governmental activities, organizations, and functions for which the City exercises significant oversight responsibility. The criteria considered in determining governmental activities to be reported within the City's financial statements included: the City's accountability for the entity's fiscal matters; the scope of public service of the entity; and the nature of any special financing relationships which may exist between the City and a given governmental entity. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The City has two blended component units. Separate financial information for each can be obtained from the City.

*Blended Component Units.*

The Richland Hills Development Corporation (a nonprofit development corporation formed under the Development corporation act of 1979, Texas Rev Civil Statute) was incorporated June 28, 1996. The corporation serves all citizens of the City and is governed by a board of seven directors appointed by the City Council. Four of the directors are council member directors and three are citizen member directors. The purpose of the Corporation is to promote infrastructure improvements, parks and park facilities and economic development within the City and the State of Texas in order to eliminate unemployment and underemployment and to promote and encourage employment and the public welfare of, for and on behalf of the City by developing, implementing, providing, and financing projects. Operation of the Corporation is funded by .125 percent sales tax approved by the voters. The sales tax was increased to .25 percent effective April 2019. The corporation is reported as a Special Revenue Fund.

November 8, 2005, citizens of the City of Richland Hills voted to create the Richland Hills Crime Control and Prevention District (the "District") dedicated to crime reduction programs. The City Council serves as the board of directors for the District. Operation of the District is funded by .325 percent sales tax approved by the voters. The District is reported as a Special Revenue Fund.

**B.      Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds and individual enterprise funds are reported as separate columns in the fund financial statements.

**CITY OF RICHLAND HILLS, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures generally are recorded when the related fund liability is incurred, however, debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized when payment is due.

Property, sales, and franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives payment.

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The City reports the following major governmental fund:

The ***General Fund*** is the government's primary operating fund. It accounts for all resources used to finance basic operations of the City and covers all activities for which a separate fund has not been established.

The ***Crime Control District*** special revenue fund is a blended component unit that accounts for the proceeds of a .325 percent sales tax and crime reduction programs.

The **Road and Street** capital projects fund is used to account for sales tax restricted to road and street improvements.

The City reports the following major proprietary funds:

The ***Water and Sewer Fund*** is used to account for the operation of the water and sewage systems for the City.

The ***Drainage Utility Fund*** is used to account for the construction and maintenance of the drainage system for the City.

**CITY OF RICHLAND HILLS, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges and transfers between the governmental activities and the business-type activities.

Amounts reported as program revenues include 1) charges for customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund and drainage utility fund are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Deferred Outflows/Inflows of Resources, Liabilities and Net Position or Equity**

**1. *Cash, Cash Equivalents and Investments***

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments that are highly liquid with maturity within three months or less when purchased. Assets reported as cash and cash equivalents are considered cash and cash equivalents for the statement of cash flows.

**2. *Receivables and Payables***

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

**3. *Property Tax***

Ad valorem property taxes are levied each October 1 from valuations assessed as of the prior January 1 and are recognized as revenue beginning on the date of levy, October 1, when they become available. "Available" means collected within the current period or expected to be collected soon thereafter to be used to pay current liabilities. Taxes not expected to be collected within sixty days of the fiscal year ending are recorded as deferred revenue and are recognized when they become available. Taxes collected prior to the levy date to which they apply are recorded as deferred revenue and recognized as revenue of the period to which they apply.

Taxes are due on October 1 immediately following the levy date and are delinquent after the following January 31. Tax liens are automatic on January 1 each year.

**CITY OF RICHLAND HILLS, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**4. *Inventory***

The inventory of supplies held by the Enterprise Funds is valued at cost using the first-in-first-out ("FIFO") method.

**5. *Prepays***

Payments made to vendors for services that will benefit periods beyond September 30 are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid expenses in the governmental funds are accounted for using the purchases method.

**6. *Capital Assets***

Capital assets, which include property, plant and equipment, and infrastructure assets, are reported in the applicable governmental activities or business-type activities columns in the government-wide financial statements and in the proprietary funds financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment of the primary government and proprietary funds are depreciated using the straight-line method over the following estimated useful lives.

|                             |               |
|-----------------------------|---------------|
| Building and improvements   | 20 - 40 years |
| Office equipment            | 5 - 20 years  |
| Autos and trucks            | 4 - 5 years   |
| Equipment                   | 3 - 20 years  |
| Waterworks and sewer system | 5 - 40 years  |
| Infrastructure              | 20 – 40 years |

The City has reported infrastructure capital assets acquired prior to the implementation of GASB Statement No. 34 at estimated historical cost.

**7. *Compensated Absences***

It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory time, and sick pay benefits. Sick pay benefits are not paid upon separation therefore no liability is reported for unpaid accumulated sick leave. Vacation and compensatory time are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**CITY OF RICHLAND HILLS, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**8. *Long-term Obligations***

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuances cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**9. *Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported by the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**10. *Fund Balance – Governmental Funds***

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

**Nonspendable:** This classification includes amounts that cannot be spent because they are either not spendable in form (such as prepaids or inventory) or are legally or contractually required to be maintained intact (such as endowment funds).

**Restricted:** This classification includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

**Committed:** This classification includes amounts constrained to specific purposes by a government itself, using its highest decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint (City Council ordinance).

**Assigned:** This classification includes amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The City Council has delegated the authority to assign fund balance to the City Manager by resolution.

**Unassigned –** All amounts not included in other classifications. The general fund is the only fund that will report a positive unassigned fund balance. However, in governmental funds other than the general fund, if

**CITY OF RICHLAND HILLS, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted fund balance to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been first spent out of committed funds, then assigned, and finally unassigned as needed.

**11. *Net Position***

Net position represents the difference between assets and liabilities. Net position net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed its use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The following is a reconciliation of restricted fund balance reported in the governmental fund financial statements to restricted net position of the governmental activities reported in the government-wide financial statements.

|                                                               |                     |
|---------------------------------------------------------------|---------------------|
| Restricted fund balance (Exhibit C-1)                         | \$ 7,352,890        |
| Adjustments                                                   |                     |
| Deferred property tax revenue restricted for debt service     | 11,034              |
| Unspect bond funds added to net investments in capital assets | <u>(113,158)</u>    |
| Total adjustments                                             | <u>(102,124)</u>    |
| Restricted net position (Exhibit A-1)                         | <u>\$ 7,250,766</u> |

**12. *Use of Estimates***

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

**NOTE 2: DEPOSITS AND INVESTMENTS**

Substantially all operating cash and investments are maintained in consolidated cash and investment accounts. Investment income relating to consolidated investments is allocated to the individual funds monthly based on the funds' pro-rata share of total cash and investments.

**CITY OF RICHLAND HILLS, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2022**

**NOTE 2:      DEPOSITS AND INVESTMENTS (Continued)**

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation references for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U. S. Treasury, certain U. S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) Mutual Funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Investment Pools

The City invests idle funds in the Texas Local Government Investment Pool (TexPool) and TexSTAR investment pool. These pools are local government investment pool organized under the authority of the Interlocal Cooperation Act Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. All investments of the Pools are stated at amortized cost, which in most cases approximates the fair value of the securities. The objective of the Pools is to maintain a stable \$1.00 net asset value; however, the \$1.00 net asset value is not guaranteed or insured by the State of Texas. There are no limitations or restrictions on participant withdrawals from these pools.

The State Comptroller of Public Accounts exercises oversight responsibilities over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. As a requirement to maintain its rating, weekly portfolio information must be submitted to Standards and Poors, as well as the office of the Comptroller of Public Accounts for review.

TexSTAR has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. An advisory board composed of participants in TexSTAR and other persons who do not have a business relationship with TexSTAR has been established and maintained.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's funds are required to be deposited and invested under the terms of a depository contract. The City's deposits are required to be collateralized with securities held by the pledging institution's trust department or agent in the City's name. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") Insurance. At September 30, 2022, the City's deposits were covered by FDIC Insurance or collateralized with securities held by the bank's agent in the City's name.

**CITY OF RICHLAND HILLS, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2022**

**NOTE 2:      DEPOSITS AND INVESTMENTS (Continued)**

Credit Risk– Investments

The City controls credit risk by limiting its investments to those instruments allowed by the State Public Funds Investment Act described above.

Interest Rate Risk – Investments

The City manages interest rate risk by structuring its portfolio so that it will experience minimal volatility during economic cycles. This is accomplished by purchasing high quality, short to medium term securities which will complement each other. The dollar weighted average maturity of 365 days or less will be calculated using the stated final maturity date of each security.

The City's investments at September 30, 2021, included the following:

| Investment   | Credit<br>Rating | Maturities | Percentage<br>of Total<br>Investments | Cost                | Fair<br>Value       |
|--------------|------------------|------------|---------------------------------------|---------------------|---------------------|
| Tex-Pool     | AAAm             | 24 days    | 48.91%                                | \$ 2,378,260        | \$ 2,378,260        |
| TexSTAR Pool | AAAm             | 16 days    | 51.09%                                | \$ 2,484,422        | \$ 2,484,422        |
|              |                  |            |                                       | <u>\$ 4,862,682</u> | <u>\$ 4,862,682</u> |

Reconciliation to financial statements

|                               |                     |
|-------------------------------|---------------------|
| Investments from Exhibit A-1  | \$ 5,032,069        |
| Less: Certificates of Deposit | <u>(169,387)</u>    |
|                               | <u>\$ 4,862,682</u> |

**NOTE 3:      RESTRICTED ASSETS**

Certain proceeds of the City's enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond ordinances and other legal restrictions. Enterprise Funds restricted assets are held for the following purposes in accordance with bond ordinances or other legal restrictions:

|                                            |                     |
|--------------------------------------------|---------------------|
| Cash and cash equivalents                  |                     |
| Customer Deposits                          | \$ 143,578          |
| Water meter project escrow                 | <u>1,407,925</u>    |
| Total restricted cash and cash equivalents | 1,551,503           |
| Investments                                |                     |
| Construction funds                         | 1,792,034           |
| Total restricted assets                    | <u>\$ 4,895,040</u> |

**CITY OF RICHLAND HILLS, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2022**

**NOTE 4: RECEIVABLES**

All accounts and property tax receivables are shown net of an allowance for uncollectibles. Water and sewer fund and drainage utility fund accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectible accounts of \$866,001. The property tax receivable allowance of \$77,463 and \$16,551 for the general fund and debt service fund respectively, and is equal to 60% of outstanding delinquent property taxes at September 30. The fines and fees receivable in the general fund is reported net of an allowance of \$1,774,540 which is 75% of the adjusted receivable. The EMS charges receivable in the general fund is reported net of an allowance of \$343,601 which is accounts outstanding in excess of 60 days. These allowances are based upon historical experience. Receivables as of year-end for the City's major and nonmajor funds, including the applicable allowances for uncollectible accounts are as follows:

|                                       | General      | Crime<br>Control<br>District | Enterprise<br>Funds | Other<br>Governmental<br>Funds | Total        |
|---------------------------------------|--------------|------------------------------|---------------------|--------------------------------|--------------|
| Receivables:                          |              |                              |                     |                                |              |
| Property tax                          | \$ 129,105   | \$ -                         | \$ -                | \$ 27,585                      | \$ 156,690   |
| Sales tax                             | 894,741      | 333,830                      | -                   | 559,213                        | 1,787,784    |
| Franchise taxes                       | 302,552      | -                            | -                   | -                              | 302,552      |
| Accounts                              | 2,845,578    | -                            | 1,411,985           | -                              | 4,257,563    |
| Earned and Unbilled Services          | -            | -                            | 254,752             | -                              | 254,752      |
| Intergovernmental                     | -            | 943                          | -                   | -                              | 943          |
| Other                                 | -            | -                            | -                   | 204,843                        | 204,843      |
| Gross Receivables                     | 4,171,976    | 334,773                      | 1,666,737           | 791,641                        | 6,965,127    |
| Less: Allowance<br>for Uncollectibles | (2,195,603)  | -                            | (866,001)           | (16,551)                       | (3,078,155)  |
| Net Total Receivables                 | \$ 1,976,373 | \$ 334,773                   | \$ 800,736          | \$ 775,090                     | \$ 3,886,972 |

**NOTE 5: DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets or fund balance that applies to a future period(s) and this, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify in this category, deferred loss on refunding, deferred outflows related to pensions and deferred outflows related to OPEB reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resource (revenue) until that time. The city has three types of items in this category, unavailable revenues for governmental funds and deferred inflows related to pensions and deferred inflows related to OPEB in the government-wide statement of net position and proprietary funds statements.

**CITY OF RICHLAND HILLS, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2022**

**NOTE 5: DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

|                                                            | General             | Nonmajor         | Total<br>Governmental<br>Funds |
|------------------------------------------------------------|---------------------|------------------|--------------------------------|
| Deferred property taxes receivable                         | \$ 51,642           | 11,034           | \$ 62,676                      |
| Deferred franchise tax receivable                          | 269,539             | -                | 269,539                        |
| Deferred fines and fees receivable                         | 591,513             | -                | 591,513                        |
| Deferred EMS charges receivable                            | 124,583             | -                | 124,583                        |
| Deferred miscellaneous receivable                          | 6,678               | -                | 6,678                          |
| Total deferred inflows of resources for governmental funds | <u>\$ 1,043,955</u> | <u>\$ 11,034</u> | <u>\$ 1,054,989</u>            |

**NOTE 6: INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS**

The composition of interfund balances for the City's individual major funds and nonmajor funds at September 30, 2022, is as follows:

| Receivable Fund          | Payable Fund    | Amount          | Purpose      |
|--------------------------|-----------------|-----------------|--------------|
| General                  | Water and Sewer | \$ 657          | Expenses     |
| Other governmental       | General         | 1,300           | Debt Service |
| Total Governmental Funds |                 | <u>\$ 1,957</u> |              |

The composition of interfund transfers for the City's individual major funds and nonmajor funds at September 30, 2022, is as follows:

| Transfer In                           | Transfer Out             | Amount            | Purpose             |
|---------------------------------------|--------------------------|-------------------|---------------------|
| General fund                          | Water and sewer          | \$ 78,339         | Prior year expenses |
| Crime Control District                | Water and sewer          | 9,988             | Prior year expenses |
| Road & Street                         | Other Governmental Funds | 251,480           | Capital Projects    |
| Other Governmental Funds              | General Fund             | 167,083           | Link funding        |
| Other Governmental Funds              | General Fund             | 78,297            | Restricted funds    |
| Other Governmental Funds              | General Fund             | 117,311           | Capital Projects    |
| Other Governmental Funds              | Crime Control District   | 116,860           | Capital Projects    |
| Other Governmental Funds              | Water and sewer          | 47,318            | Capital Projects    |
| Other Governmental Funds              | Other Governmental Funds | 98,574            | Capital Projects    |
| Total Governmental Funds Transfers In |                          | <u>\$ 965,250</u> |                     |
| Drainage Fund                         | Water and sewer          | \$ 3,318          | Prior year expenses |
| Total Enterprise Funds Transfers In   |                          | <u>\$ 3,318</u>   |                     |

**CITY OF RICHLAND HILLS, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2022**

**NOTE 7: CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2022 was as follows:

Governmental activities:

|                                                         | Beginning<br>Balance | Increases           | Decreases             | Ending<br>Balance    |
|---------------------------------------------------------|----------------------|---------------------|-----------------------|----------------------|
| Non - Depreciable Assets:                               |                      |                     |                       |                      |
| Land                                                    | \$ 830,414           | \$ -                | \$ -                  | \$ 830,414           |
| Construction in Progress                                | 7,648,710            | 1,269,592           | (7,627,210)           | 1,291,092            |
| Total non-depreciable assets                            | <u>8,479,124</u>     | <u>1,269,592</u>    | <u>(7,627,210)</u>    | <u>2,121,506</u>     |
| Depreciable Assets:                                     |                      |                     |                       |                      |
| Buildings                                               | 13,134,318           | 6,637,869           | -                     | 19,772,187           |
| Improvements other than buildings                       | 6,083,559            | 213,463             | -                     | 6,297,022            |
| Machinery and equipment                                 | 6,189,531            | 366,558             | (92,095)              | 6,463,994            |
| Infrastructure                                          | 24,272,211           | 2,055,727           | -                     | 26,327,938           |
| Leased machinery and equipment                          | -                    | 163,159             | -                     | 163,159              |
| Total capital assets being<br>depreciated and amortized | <u>49,679,619</u>    | <u>9,436,776</u>    | <u>(92,095)</u>       | <u>59,024,300</u>    |
| Accumulated Depreciation and Amortization:              |                      |                     |                       |                      |
| Buildings                                               | (2,717,569)          | (452,383)           | -                     | (3,169,952)          |
| Improvements other than buildings                       | (2,810,018)          | (501,893)           | -                     | (3,311,911)          |
| Machinery and equipment                                 | (4,067,079)          | (423,894)           | 92,095                | (4,398,878)          |
| Infrastructure                                          | (18,217,128)         | (609,317)           | -                     | (18,826,445)         |
| Leased machinery and equipment                          | -                    | (8,320)             | -                     | (8,320)              |
| Total accumulated depreciation<br>and amortization      | <u>(27,811,794)</u>  | <u>(1,995,807)</u>  | <u>92,095</u>         | <u>(29,715,506)</u>  |
| Governmental activities capital<br>assets, net          | <u>\$ 30,346,949</u> | <u>\$ 8,710,561</u> | <u>\$ (7,627,210)</u> | <u>\$ 31,430,300</u> |

**CITY OF RICHLAND HILLS, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2022**

**NOTE 7: CAPITAL ASSETS - (Continued)**

Business-type activities:

|                                                         | Beginning<br>Balance | Increases           | Decreases        | Ending<br>Balance    |
|---------------------------------------------------------|----------------------|---------------------|------------------|----------------------|
| Non - Depreciable Assets:                               |                      |                     |                  |                      |
| Land                                                    | \$ 256,267           | \$ -                | \$ -             | \$ 256,267           |
| Construction in Progress                                | -                    | 286,662             | -                | 286,662              |
| Total non-depreciable assets                            | <u>256,267</u>       | <u>286,662</u>      | <u>-</u>         | <u>542,929</u>       |
| Depreciable Assets:                                     |                      |                     |                  |                      |
| Buildings                                               | 221,137              | -                   | -                | 221,137              |
| Improvements other than buildings                       | 7,825,701            | -                   | -                | 7,825,701            |
| Water and sewer systems                                 | 22,220,669           | 8,356               | -                | 22,229,025           |
| Machinery and equipment                                 | 1,053,235            | 174,927             | (158,476)        | 1,069,686            |
| Leased machinery and equipment                          | -                    | 110,277             | -                | 110,277              |
| Total capital assets being<br>depreciated and amortized | <u>31,320,742</u>    | <u>293,560</u>      | <u>(158,476)</u> | <u>31,455,826</u>    |
| Accumulated Depreciation:                               |                      |                     |                  |                      |
| Buildings                                               | (178,619)            | (2,470)             | -                | (181,089)            |
| Improvements other than buildings                       | (1,593,194)          | (200,500)           | -                | (1,793,694)          |
| Water and sewer systems                                 | (10,513,866)         | (546,230)           | -                | (11,060,096)         |
| Machinery and equipment                                 | (963,144)            | (40,248)            | 158,476          | (844,916)            |
| Leased machinery and equipment                          | -                    | (3,330)             | -                | (3,330)              |
| Total accumulated depreciation                          | <u>(13,248,823)</u>  | <u>(792,778)</u>    | <u>158,476</u>   | <u>(13,883,125)</u>  |
| Business-type activities capital<br>assets, net         | <u>\$ 18,328,186</u> | <u>\$ (212,556)</u> | <u>\$ -</u>      | <u>\$ 18,115,630</u> |

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

|                                                       |                     |
|-------------------------------------------------------|---------------------|
| Governmental activities:                              |                     |
| General government                                    | \$ 21,815           |
| Public safety                                         | 555,597             |
| Public works                                          | 639,475             |
| Culture and recreation                                | 271,351             |
| Parks and beautification                              | 501,854             |
| Community development                                 | 5,715               |
| Total depreciation expense - governmental activities  | <u>\$ 1,995,807</u> |
| Business-type activities:                             |                     |
| Water and sewer                                       | \$ 572,926          |
| Drainage Utility                                      | 219,852             |
| Total depreciation expense - business-type activities | <u>\$ 792,778</u>   |

**CITY OF RICHLAND HILLS, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2022**

**NOTE 8: LONG-TERM LIABILITIES**

**A. Bonds Payable**

**Governmental Activities**

The City has issued certificates of obligation, general obligation bonds and tax notes for the construction of large capital projects. The General Obligation Bonds Series 2017 are split between the governmental activities and business-type activities 15 and 85 percent. Bonds outstanding are as follows:

|                                    | Interest<br>Rate | Maturity  | Original<br>Issue    | Amount<br>Outstanding |
|------------------------------------|------------------|-----------|----------------------|-----------------------|
| Governmental activities:           |                  |           |                      |                       |
| Certificates of obligation         |                  |           |                      |                       |
| 2016 Tax and Revenue               | 2.00 - 3.13%     | 8/15/2036 | \$ 4,705,000         | \$ 3,665,000          |
| Total certificates of obligation   |                  |           | <u>4,705,000</u>     | <u>3,665,000</u>      |
| General obligation bonds           |                  |           |                      |                       |
| 2016 General Obligation            | 2.00% - 3.38%    | 8/15/2046 | 8,770,000            | 8,085,000             |
| 2019 General Obligation            | 2.25% - 4.00%    | 8/15/2039 | 5,660,000            | 5,225,000             |
| <b>Direct placement</b>            |                  |           |                      |                       |
| 2017 General Obligation Refunding  | 1.84%            | 8/15/2027 | 228,750              | 101,250               |
| Total general obligation bonds     |                  |           | <u>14,658,750</u>    | <u>13,411,250</u>     |
| Tax Notes                          |                  |           |                      |                       |
| 2019 Tax Notes                     | 3.00% - 4.00%    | 8/15/2026 | 680,000              | 405,000               |
| Total contractual obligation bonds |                  |           | <u>680,000</u>       | <u>405,000</u>        |
| Total governmental activities      |                  |           | <u>\$ 20,043,750</u> | <u>\$ 17,481,250</u>  |

The annual debt service requirements to maturity for the governmental activities bonds outstanding as of September 30, 2022, are as follows:

|           | Governmental Activities    |                     |                     |                   |                  |                   |
|-----------|----------------------------|---------------------|---------------------|-------------------|------------------|-------------------|
|           | Certificates of Obligation |                     |                     | Tax Notes         |                  |                   |
|           | Principal                  | Interest            | Total               | Principal         | Interest         | Total             |
| 2023      | \$ 205,000                 | \$ 128,675          | \$ 333,675          | \$ 95,000         | \$ 14,250        | \$ 109,250        |
| 2024      | 210,000                    | 124,575             | 334,575             | 100,000           | 11,400           | 111,400           |
| 2025      | 210,000                    | 119,850             | 329,850             | 100,000           | 8,400            | 108,400           |
| 2026      | 225,000                    | 109,350             | 334,350             | 110,000           | 4,400            | 114,400           |
| 2027      | 240,000                    | 98,100              | 338,100             | -                 | -                | -                 |
| 2028-2032 | 1,335,000                  | 340,100             | 1,675,100           | -                 | -                | -                 |
| 2033-2037 | 1,240,000                  | 97,306              | 1,337,306           | -                 | -                | -                 |
| Total     | <u>\$ 3,665,000</u>        | <u>\$ 1,017,956</u> | <u>\$ 4,682,956</u> | <u>\$ 405,000</u> | <u>\$ 38,450</u> | <u>\$ 443,450</u> |

**CITY OF RICHLAND HILLS, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2022**

**NOTE 8: LONG-TERM LIABILITIES (Continued)**

| Governmental Activities |                          |                     |                      |                                             |                 |                   |                      |
|-------------------------|--------------------------|---------------------|----------------------|---------------------------------------------|-----------------|-------------------|----------------------|
|                         | General Obligation Bonds |                     |                      | General Obligation Bonds - Direct Placement |                 |                   | Total                |
|                         | Principal                | Interest            | Total                | Principal                                   | Interest        | Total             |                      |
| 2023                    | \$ 370,000               | \$ 441,331          | \$ 768,932           | \$ 19,500                                   | \$ 1,863        | \$ 27,832         | \$ 796,764           |
| 2024                    | 385,000                  | 426,532             | 811,331              | 19,500                                      | 1,504           | 21,363            | 832,694              |
| 2025                    | 405,000                  | 408,881             | 811,532              | 20,250                                      | 1,145           | 21,004            | 832,536              |
| 2026                    | 420,000                  | 390,332             | 813,881              | 21,000                                      | 773             | 21,395            | 835,276              |
| 2027                    | 550,000                  | 373,532             | 813,881              | 21,000                                      | 386             | 21,395            | 835,276              |
| 2028-2032               | 3,035,000                | 1,527,256           | 4,562,256            | -                                           | -               | -                 | 4,562,256            |
| 2033-2037               | 3,545,000                | 1,008,512           | 4,553,512            | -                                           | -               | -                 | 4,553,512            |
| 2038-2042               | 2,770,000                | 539,144             | 3,309,144            | -                                           | -               | -                 | 3,309,144            |
| 2043-2047               | 1,830,000                | 156,937             | 1,986,937            | -                                           | -               | -                 | 1,986,937            |
| Total                   | <u>\$ 13,310,000</u>     | <u>\$ 5,272,457</u> | <u>\$ 18,431,407</u> | <u>\$ 101,250</u>                           | <u>\$ 5,671</u> | <u>\$ 112,989</u> | <u>\$ 18,544,396</u> |

**Business-type Activities**

The City's enterprise funds also issue certificates of obligation for the construction of large capital projects. Bonds outstanding are as follows:

|                                   | Interest<br>Rate | Maturity  | Original<br>Issue   | Amount<br>Outstanding |
|-----------------------------------|------------------|-----------|---------------------|-----------------------|
| <b>Business-type activities</b>   |                  |           |                     |                       |
| Certificates of obligation        |                  |           |                     |                       |
| 2013 Tax and Revenue              | 3.00% - 4.50%    | 8/15/2033 | 5,370,000           | 3,690,000             |
| <b>Direct placement</b>           |                  |           |                     |                       |
| 2015 Tax and Revenue              | 2.56%            | 8/15/2030 | 1,030,000           | 605,000               |
| Total certificates of obligation  |                  |           | <u>6,400,000</u>    | <u>4,295,000</u>      |
| <b>General obligation bonds</b>   |                  |           |                     |                       |
| <b>Direct placement</b>           |                  |           |                     |                       |
| 2017 General Obligation Refunding | 1.84%            | 8/15/2027 | 1,296,250           | 573,750               |
| 2020 General Obligation Refunding | 1.21%            | 8/15/1930 | 1,730,000           | 1,405,000             |
| Total general obligation bonds    |                  |           | <u>3,026,250</u>    | <u>1,978,750</u>      |
| Total business-type activities    |                  |           | <u>\$ 9,426,250</u> | <u>\$ 6,273,750</u>   |

**CITY OF RICHLAND HILLS, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2022**

**NOTE 8: LONG-TERM LIABILITIES (Continued)**

The annual debt service requirements to maturity for the business-type activities bonds outstanding as of September 30, 2022, are as follows:

| Business-type Activities |                            |                   |                     |                                               |                  |                   |                     |
|--------------------------|----------------------------|-------------------|---------------------|-----------------------------------------------|------------------|-------------------|---------------------|
|                          | Certificates of Obligation |                   |                     | Certificates of Obligation - Direct Placement |                  |                   | Total               |
|                          | Principal                  | Interest          | Total               | Principal                                     | Interest         | Total             |                     |
| 2023                     | \$ 290,000                 | \$ 130,700        | \$ 420,700          | \$ 70,000                                     | \$ 15,488        | \$ 85,488         | \$ 506,188          |
| 2024                     | 290,000                    | 122,000           | 412,000             | 70,000                                        | 13,696           | 83,696            | 495,696             |
| 2025                     | 300,000                    | 113,300           | 413,300             | 75,000                                        | 11,904           | 86,904            | 500,204             |
| 2026                     | 310,000                    | 104,300           | 414,300             | 75,000                                        | 9,984            | 84,984            | 499,284             |
| 2027                     | 320,000                    | 95,000            | 415,000             | 75,000                                        | 8,064            | 83,064            | 498,064             |
| 2028-2032                | 1,780,000                  | 292,750           | 2,072,750           | 240,000                                       | 12,288           | 252,288           | 2,325,038           |
| 2033-2037                | 400,000                    | 16,000            | 416,000             | -                                             | -                | -                 | 416,000             |
| Total                    | <u>\$ 3,690,000</u>        | <u>\$ 874,050</u> | <u>\$ 4,564,050</u> | <u>\$ 605,000</u>                             | <u>\$ 71,424</u> | <u>\$ 676,424</u> | <u>\$ 5,240,474</u> |

| Business-type Activities |                                             |                   |                     |
|--------------------------|---------------------------------------------|-------------------|---------------------|
|                          | General Obligation Bonds - Direct Placement |                   |                     |
|                          | Principal                                   | Interest          | Total               |
| 2023                     | \$ 280,500                                  | \$ 27,557         | \$ 308,057          |
| 2024                     | 280,500                                     | 23,468            | 303,968             |
| 2025                     | 284,750                                     | 19,377            | 304,127             |
| 2026                     | 294,000                                     | 15,209            | 309,209             |
| 2027                     | 294,000                                     | 10,902            | 304,902             |
| 2028-2032                | 545,000                                     | 13,250            | 558,250             |
| Total                    | <u>\$ 1,978,750</u>                         | <u>\$ 109,763</u> | <u>\$ 2,088,513</u> |

**Direct Placement Bonds**

Direct placement bonds are bonds that are issued directly to an investor. The direct placement bonds include provisions that in the event the City defaults on the payments or performance of covenants, the holders of the bonds may proceed against the City for the purpose of protecting and enforcing the rights of the bondholders by mandamus or other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant.

**CITY OF RICHLAND HILLS, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2022**

**NOTE 8: LONG-TERM LIABILITIES (Continued)**

**B. Financed Purchases**

**Governmental Activities**

On February 11, 2019, the City entered into a \$607,000 purchase agreement for a fire truck due in 10 annual payments of \$73,539 beginning February 28, 2020. The interest rate is 3.65%

On June 26, 2019, the City entered into a \$112,733 purchase agreement for an Opticom system due in 7 annual payments of \$18,772 beginning June 26, 2020. The interest rate is 3.985%.

On November 10, 2021, the City entered into a \$299,855 purchase agreement for an ambulance due in 5 annual payments of \$65,172 beginning November 10, 2022. The interest rate is 2.838%.

**Business-type Activities**

On August 15, 2022, the City entered into a \$1,420,753 purchase agreement for a water meter replacement project due in 10 annual payments of \$169,655 beginning August 1, 2023. The interest rate is 3.39%. The funds have been placed in an escrow account that can be drawn upon as work progresses.

The annual debt service to maturity for financed purchases outstanding as of September 30, 2022, are as follows:

|           | Governmental Activities |                  |                   | Business-type Activities |                   |                     |
|-----------|-------------------------|------------------|-------------------|--------------------------|-------------------|---------------------|
|           | Financed Purchases      |                  |                   | Financed Purchases       |                   |                     |
|           | Principal               | Interest         | Total             | Principal                | Interest          | Total               |
| 2023      | \$ 129,936              | \$ 27,547        | \$ 157,483        | \$ 123,499               | \$ 46,157         | \$ 169,656          |
| 2024      | 134,273                 | 23,211           | 157,484           | 125,678                  | 43,977            | 169,655             |
| 2025      | 138,756                 | 18,727           | 157,483           | 129,939                  | 39,716            | 169,655             |
| 2026      | 143,384                 | 14,100           | 157,484           | 134,344                  | 35,311            | 169,655             |
| 2027      | 129,414                 | 9,297            | 138,711           | 138,898                  | 30,757            | 169,655             |
| 2028-2032 | 141,345                 | 5,734            | 147,079           | 768,395                  | 79,882            | 848,277             |
| Total     | <u>\$ 817,108</u>       | <u>\$ 98,616</u> | <u>\$ 915,724</u> | <u>\$ 1,420,753</u>      | <u>\$ 275,800</u> | <u>\$ 1,696,553</u> |

These assets and the related accumulated depreciation are as follows.

|                                | Governmental<br>Activities | Business-type<br>Activities |
|--------------------------------|----------------------------|-----------------------------|
| Machinery and equipment        | \$ 1,019,588               | \$ -                        |
| Less: Accumulated Depreciation | (245,906)                  | -                           |
| Net                            | <u>\$ 773,682</u>          | <u>\$ -</u>                 |

**CITY OF RICHLAND HILLS, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2022**

**NOTE 8: LONG-TERM LIABILITIES (Continued)**

**C. Lease financing**

With the implementation of Governmental Accounting Standards Board No. 87, *Leases*, a lease meeting the criteria of this statement requires the lessee to recognize a lease liability and an intangible right to use asset.

June 28, 2021, the City, as a lessee, entered into an agreement related to fleet acquisition, management, resale and maintenance. In fiscal year 2022 the City acquired nine vehicles with 12 month leases that do not meet the criteria of the statement having total monthly payments of \$7,027. The leases that do meet the criteria are summarized as follows:

| Description                     | Date      | Payment<br>Terms | Interest<br>Rate | Original<br>Lease | Balance<br>9/30/2022 |
|---------------------------------|-----------|------------------|------------------|-------------------|----------------------|
| <b>Governmental Activities</b>  |           |                  |                  |                   |                      |
| Public Works Vehicle            | 5/18/2022 | 60 months        | 6.37%            | \$ 41,500         | \$ 39,003            |
| Public Works Vehicle            | 5/25/2022 | 48 months        | 6.23%            | 38,601            | 35,582               |
| Public Safety Vehicle           | 6/8/2022  | 36 months        | 6.21%            | 21,283            | 19,629               |
| Public Safety Vehicle           | 8/19/2022 | 36 months        | 6.68%            | 20,282            | 19,707               |
| Public Safety Vehicle           | 9/6/2022  | 36 months        | 6.96%            | 18,053            | 18,053               |
| Public Safety Vehicle           | 9/29/2022 | 36 months        | 7.71%            | 23,440            | 23,440               |
|                                 |           |                  |                  | <u>\$ 163,159</u> | <u>\$ 155,414</u>    |
| <b>Business-type Activities</b> |           |                  |                  |                   |                      |
| Utility Vehicle                 | 5/5/2022  | 48 months        | 6.37%            | \$ 39,963         | \$ 36,983            |
| Utility Vehicle                 | 9/19/2022 | 72 months        | 7.31%            | 70,314            | 70,314               |
|                                 |           |                  |                  | <u>\$ 110,277</u> | <u>\$ 107,297</u>    |

The City's leased assets are recorded at the present value of lease payments and amortized using the straight-line method over the term of the lease. These assets are reported as leased machinery and equipment.

The future lease payments under lease agreements are as follows:

|           | Governmental Activities |                  |                   | Business-type Activities |                  |                   |
|-----------|-------------------------|------------------|-------------------|--------------------------|------------------|-------------------|
|           | Principal               | Interest         | Total             | Principal                | Interest         | Total             |
| 2023      | \$ 42,525               | \$ 8,851         | \$ 51,376         | \$ 18,947                | \$ 6,908         | \$ 25,855         |
| 2024      | 45,281                  | 6,095            | 51,376            | 20,287                   | 5,569            | 25,856            |
| 2025      | 45,504                  | 2,991            | 48,495            | 21,721                   | 4,134            | 25,855            |
| 2026      | 15,936                  | 866              | 16,802            | 19,416                   | 2,627            | 22,043            |
| 2027      | 6,168                   | 145              | 6,313             | 12,972                   | 1,539            | 14,511            |
| 2028-2032 | -                       | -                | -                 | 13,954                   | 558              | 14,512            |
| Total     | <u>\$ 155,414</u>       | <u>\$ 18,948</u> | <u>\$ 174,362</u> | <u>\$ 107,297</u>        | <u>\$ 21,335</u> | <u>\$ 128,632</u> |

**CITY OF RICHLAND HILLS, TEXAS**  
**Notes to Financial Statements**  
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**D. Changes in long-term liabilities**

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2022.

|                                       | 09/30/2021           | Additions           | Retirements         | 09/30/2022           | Due Within<br>One Year |
|---------------------------------------|----------------------|---------------------|---------------------|----------------------|------------------------|
| Governmental Activities.:             |                      |                     |                     |                      |                        |
| Certificates of obligation            | \$ 3,860,000         | \$ -                | \$ 195,000          | \$ 3,665,000         | \$ 205,000             |
| General obligation bonds              | 13,625,000           | -                   | 315,000             | 13,310,000           | 370,000                |
| <b>Direct placement</b>               |                      |                     |                     |                      |                        |
| General obligation bonds              | 126,750              | -                   | 25,500              | 101,250              | 19,500                 |
| Contractual obligation bonds          | -                    | -                   | -                   | -                    | -                      |
| Tax notes                             | 500,000              | -                   | 95,000              | 405,000              | 95,000                 |
| Premiums on bonds                     | 853,623              | -                   | 90,913              | 762,710              | 85,866                 |
| Financed purchases                    | 585,961              | 299,855             | 68,708              | 817,108              | 129,936                |
| Lease financing                       | -                    | 163,159             | 7,745               | 155,414              | 42,525                 |
| Compensated Absences                  | 280,650              | 353,068             | 280,650             | 353,068              | 70,614                 |
| Net Pension Liability                 | 1,448,405            | -                   | 1,448,405           | -                    | -                      |
| OPEB Liability                        | 345,139              | 14,507              | -                   | 359,646              | -                      |
| <b>Total Governmental Activities</b>  | <b>21,625,528</b>    | <b>830,589</b>      | <b>2,526,921</b>    | <b>19,929,196</b>    | <b>1,018,441</b>       |
| Business-type Activities:             |                      |                     |                     |                      |                        |
| Certificates of obligation            | 4,080,000            | -                   | 390,000             | 3,690,000            | 290,000                |
| <b>Direct placement</b>               |                      |                     |                     |                      |                        |
| Certificates of obligation            | 670,000              | -                   | 65,000              | 605,000              | 70,000                 |
| General obligation bonds              | 2,283,250            | -                   | 304,500             | 1,978,750            | 280,500                |
| Premiums on bonds                     | 280,276              | -                   | 32,149              | 248,127              | 22,557                 |
| Financed purchases                    | -                    | 1,420,753           | -                   | 1,420,753            | 123,499                |
| Lease financing                       | -                    | 110,277             | 2,980               | 107,297              | 18,947                 |
| Compensated Absences                  | 30,871               | 20,918              | 30,871              | 20,918               | 4,184                  |
| Net Pension Liability                 | 188,952              | -                   | 188,952             | -                    | -                      |
| OPEB Liability                        | 52,670               | -                   | 5,062               | 47,608               | -                      |
| <b>Total Business-type Activities</b> | <b>7,586,019</b>     | <b>1,551,948</b>    | <b>1,019,514</b>    | <b>8,118,453</b>     | <b>809,687</b>         |
| <b>Total Long-Term Debt</b>           | <b>\$ 29,211,547</b> | <b>\$ 2,382,537</b> | <b>\$ 3,546,435</b> | <b>\$ 28,047,649</b> | <b>\$ 1,828,128</b>    |

Compensated absences, net pension liabilities and OPEB liabilities of the governmental activities and business-type activities are paid by the general fund, water and sewer fund, and drainage utility fund, respectively.

**CITY OF RICHLAND HILLS, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2022**

**NOTE 9:      RISK MANAGEMENT**

The City is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The City's general liability, and property insurance is underwritten through a self-insurance fund for Texas political subdivisions. Premiums are paid to the carrier, and they administer all claims. The City is also insured for workers' compensation claims through a self-insurance fund for Texas political subdivisions. Rates are determined by the state, and the pool assigns discount rates to premiums based upon the City's claims history. The City retains, as a risk, only the deductible amount of each policy.

The City has maintained insurance coverage in all major categories of risk comparable to that of the prior year with no reduction in coverage. The amount of settlements during the past three years has not exceeded the insurance coverage.

**NOTE 10:      DEFINED BENEFIT PENSION PLANS**

**A.      Plan Description**

The City participates as one of 901 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

All eligible employees of the city are required to participate in TMRS.

**B.      Benefits Provided**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the member's benefit is calculated as if the sum of the member's contributions, with interest, and the city-financed monetary credits with interest, and their age at retirement and other actuarial factors. The retiring members may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's contributions and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. The plan provisions for the City were as follows:

**CITY OF RICHLAND HILLS, TEXAS**  
**Notes to Financial Statements**  
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**NOTE 10: DEFINED BENEFIT PENSION PLANS (Continued)**

|                                                                    | <u>Plan Year 2022</u>     |
|--------------------------------------------------------------------|---------------------------|
| Employee deposit rate                                              | 7%                        |
| Matching ratio (city to employee)                                  | 2 to 1                    |
| Years required for vesting                                         | 5                         |
| Service retirement eligibility (expressed as age/years of service) | 60/5, 0/20                |
| Updated Service Credit                                             | 100% Repeating, Transfers |
| Annuity Increase (to retirees)                                     | 70% of CPI                |

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

|                                                                  |           |
|------------------------------------------------------------------|-----------|
| Inactive employees or beneficiaries currently receiving benefits | 117       |
| Inactive employees entitled to but not yet receiving benefits    | 128       |
| Active employees                                                 | <u>75</u> |
|                                                                  | 320       |

**C. Contributions**

Member contribution rates in TMRS are either 5%, 6%, or 7% of member's total compensation, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the City were 16.01% and 16.05% in calendar years 2022 and 2021 respectively. The city's contributions to TMRS for the year ended September 30, 2022, were \$789,826, and were equal to the required contributions.

**D. Net Pension Liability**

The city's Net Pension Liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions:*

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

|                           |                                                                    |
|---------------------------|--------------------------------------------------------------------|
| Inflation                 | 2.5% per year                                                      |
| Overall payroll growth    | 2.75% per year                                                     |
| Investment Rate of Return | 6.75%, net of pension plan investment expense, including inflation |

**CITY OF RICHLAND HILLS, TEXAS**  
**Notes to Financial Statements**  
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**NOTE 10: DEFINED BENEFIT PENSION PLANS (Continued)**

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with Public Safety table used for males and the General Employee table used for females. Morality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality rates. The rates for actives, healthy retirees and beneficiaries are projected on a full generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for health retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and a 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who became disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs to TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

| Asset Class           | Target Allocation | Long-Term Expected Rate<br>of Return (Arithmetic) |
|-----------------------|-------------------|---------------------------------------------------|
| Global Equity         | 35.0%             | 7.55%                                             |
| Core Fixed Income     | 6.0%              | 2.00%                                             |
| Non-Core Fixed Income | 20.0%             | 5.68%                                             |
| Real Return           | 12.0%             | 7.22%                                             |
| Real Estate           | 12.0%             | 6.85%                                             |
| Absolute Return       | 5.0%              | 5.35%                                             |
| Private Equity        | 10.0%             | 10.00%                                            |
| Total                 | 100.0%            |                                                   |

**CITY OF RICHLAND HILLS, TEXAS**  
**Notes to Financial Statements**  
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**NOTE 10: DEFINED BENEFIT PENSION PLANS (Continued)**

*Discount Rate*

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

*Changes in the Net Pension Liability*

|                                                                  | Increase (Decrease)        |                                |                                  |
|------------------------------------------------------------------|----------------------------|--------------------------------|----------------------------------|
|                                                                  | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>Liability/(Asset) |
|                                                                  | (a)                        | (b)                            | (a) - (b)                        |
| Balance at 12/31/2020                                            | \$ 34,496,259              | \$ 32,858,902                  | \$ 1,637,357                     |
| Changes for the year:                                            |                            |                                |                                  |
| Service cost                                                     | 871,222                    | -                              | 871,222                          |
| Interest                                                         | 2,299,569                  | -                              | 2,299,569                        |
| Change of benefit terms                                          | -                          | -                              | -                                |
| Difference between expected and actual<br>experience             | 435,654                    | -                              | 435,654                          |
| Changes of assumptions                                           | -                          | -                              | -                                |
| Contributions - employer                                         | -                          | 744,070                        | (744,070)                        |
| Contributions - employee                                         | -                          | 324,564                        | (324,564)                        |
| Net investment income                                            | -                          | 4,280,598                      | (4,280,598)                      |
| Benefit payments, including refunds of<br>employee contributions | (1,728,359)                | (1,728,359)                    | -                                |
| Administrative expense                                           | -                          | (19,820)                       | 19,820                           |
| Other changes                                                    | -                          | 135                            | (135)                            |
| Net changes                                                      | 1,878,086                  | 3,601,188                      | (1,723,102)                      |
| Balance at 12/31/2021                                            | <u>\$ 36,374,345</u>       | <u>\$ 36,460,090</u>           | <u>\$ (85,745)</u>               |

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

|                               | 1% Decrease<br>Discount<br>Rate (5.75%) | Discount<br>Rate (6.75%) | 1% Increase<br>Discount<br>Rate (7.75%) |
|-------------------------------|-----------------------------------------|--------------------------|-----------------------------------------|
| City's Net Pension Liability/ | \$ 4,910,949                            | \$ (85,745)              | \$ (4,156,140)                          |

**CITY OF RICHLAND HILLS, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2022**

**NOTE 10: DEFINED BENEFIT PENSION PLANS (Continued)**

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmrs.com](http://www.tmrs.com).

**D. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2022, the City recognized pension expense of \$97,359.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                              | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|--------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Differences between expected and actual economic experience  | \$ 250,269                                | \$ 10,163                                |
| Changes in actuarial assumptions                             | -                                         | -                                        |
| Difference between projected and actual investment earnings. | -                                         | 2,191,589                                |
| Contributions subsequent to the measurement date             | 568,982                                   | -                                        |
| Total                                                        | <u>\$ 819,251</u>                         | <u>\$ 2,201,752</u>                      |

\$568,982 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

|                         |                       |
|-------------------------|-----------------------|
| Year Ended December 31: |                       |
| 2022                    | \$ (191,710)          |
| 2023                    | (882,252)             |
| 2024                    | (464,999)             |
| 2025                    | (412,522)             |
| 2026                    | -                     |
| Thereafter              | -                     |
| Total                   | <u>\$ (1,951,483)</u> |

**NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**A. PLAN DESCRIPTION**

TMRS administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The SDBF is considered to be a single-employer plan. This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees.

**CITY OF RICHLAND HILLS, TEXAS**  
**Notes to Financial Statements**  
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**NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

**B. BENEFITS PROVIDED**

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

|                                                                  |     |
|------------------------------------------------------------------|-----|
| Inactive employees or beneficiaries currently receiving benefits | 57  |
| Inactive employees entitle to but not yet receiving benefits     | 11  |
| Active employees                                                 | 75  |
|                                                                  | 143 |

**C. TOTAL OPEB LIABILITY**

The City's total OPEB liability was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions:*

The Total OPEB Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

|                                         |                                   |
|-----------------------------------------|-----------------------------------|
| Inflation                               | 2.5% per year                     |
| Overall payroll growth                  | 3.5% to 11.5% including inflation |
| Retirees' share of benefit relate costs | \$0                               |

All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.

Mortality rates for service retirees were based on 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.

Mortality rates for disabled retirees were based on 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and a 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

**CITY OF RICHLAND HILLS, TEXAS**  
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**NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

*Discount Rate*

The discount rate used to measure the Total OPEB Liability was 1.84%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

*Changes in the Total OPEB Liability*

|                                                   | Total OPEB<br>Liability |
|---------------------------------------------------|-------------------------|
| Balance at 12/31/2020                             | \$ 397,809              |
| Changes for the year:                             |                         |
| Service Cost                                      | 14,837                  |
| Interest                                          | 7,998                   |
| Change of benefit terms                           | -                       |
| Difference between expected and actual experience | (13,869)                |
| Changes of assumptions                            | 11,143                  |
| Benefit payments                                  | (10,664)                |
| Net changes                                       | <u>9,445</u>            |
| Balance at 12/31/2021                             | <u>\$ 407,254</u>       |

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate*

The following presents the total OPEB liability of the City, calculated using the discount rate of 1.84%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (.84%) or 1-percentage-point higher (2.84%) than the current rate:

|                             | 1% Decrease<br>Discount<br>Rate (.84%) | Discount<br>Rate (1.84%) | 1% Increase<br>Discount<br>Rate (2.84%) |
|-----------------------------|----------------------------------------|--------------------------|-----------------------------------------|
| City's Total OPEB Liability | \$ 488,037                             | \$ 407,254               | \$ 343,838                              |

**D. OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB**

For the year ended September 30, 2022, the City recognized OPEB expense of \$38,034.

**CITY OF RICHLAND HILLS, TEXAS**  
**Notes to Financial Statements**  
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**NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following sources:

|                                                            | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|------------------------------------------------------------|-----------------------------------|----------------------------------|
| Difference between expected and actual economic experience | 587                               | 20,797                           |
| Changes in assumptions and other inputs                    | 60,131                            | 3,722                            |
| Contributions subsequent to the measurement date           | 8,882                             | -                                |
| Total                                                      | <u>69,600</u>                     | <u>24,519</u>                    |

\$8,882 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction to the total OPEB liability for the year ending September 30, 2023. Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

|                         |                  |
|-------------------------|------------------|
| Year Ended December 31: |                  |
| 2022                    | \$ 11,128        |
| 2023                    | 16,801           |
| 2024                    | 8,883            |
| 2025                    | (528)            |
| 2026                    | (85)             |
| Thereafter              | -                |
| Total                   | <u>\$ 36,199</u> |

**NOTE 12: CONTINGENT LIABILITIES**

***A. Federal and State Programs***

Federal and state funding received related to various grant programs are based upon periodic reports detailing reimbursable expenditures made, in compliance with program guidelines, to the grantor agency.

These programs are governed by various statutory rules and regulations of the grantors. Amounts received and receivable under these various funding programs are subject to periodic audit and adjustment by the funding agencies. To the extent, if any, the City has not complied with all the rules and regulations with respect to performance, financial or otherwise, adjustment to or return of fund monies may be required.

As it pertains to other matters of compliance, in the opinion of the City's administration, there are no significant contingent liabilities relating to matters of compliance and accordingly, no provision has been made in the accompanying financial statements for such contingencies.

**CITY OF RICHLAND HILLS, TEXAS**  
**Notes to Financial Statements**  
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**NOTE 12: CONTINGENT LIABILITIES (Continued)**

***B. Litigation***

The City has claims or lawsuits arising from the normal course of business. Although the outcome of these claims and lawsuits is not presently determinable, it is the opinion of City management and legal counsel that they will not have a material adverse effect on the financial condition of the City.

**NOTE 13: CONTRACTS AND COMMITMENTS**

***A. Wastewater Treatment***

On April 18, 2017, the City Council approved a 20 year agreement with the City of Fort Worth whereby Fort Worth agreed to provide wastewater treatment to the City. The agreement allows the City to connect its wastewater system to the Fort Worth waste water system. Charges to the City are based upon cost-of-service rate studies performed by independent utility rate consultants. This contract has been amended various times during the years. Charges during the year for the treatment of wastewater by the City of Fort Worth were \$423,844.

***B. Water Treatment***

The City entered into a 20 year agreement with the City of Fort Worth effective January 1, 2011 through September 30, 2031 whereby Fort Worth agreed to provide treated water to the City. Rates to purchase the water will be based upon a cost-of-service rate study conducted every three years by independent utility rate consultants. Charges during the year for the purchase of treated water from the City of Fort Worth were \$479,102.

***C. Transportation of Sewerage***

On May 13, 1986, the City entered into an agreement with the City of Hurst to allow sewerage to be metered in Hurst then transported through the Trinity River Authority Calloway Branch sewer line to the city of Fort Worth. Charges to the City are based upon current sewer rates charged to Hurst by the Trinity River Authority and a \$75.00 per month meter service charge. Charges during the year from the City of Hurst were \$282,636.

**NOTE 14: SUBSEQUENT EVENTS**

Subsequent events were evaluated through March 21, 2023, which is the date the financial statements were available to be issued.

**CITY OF RICHLAND HILLS, TEXAS**  
**Notes to Financial Statements**  
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**NOTE 15: CORONAVIRUS LOCAL FISCAL RECOVERY FUND**

Under the American Rescue Plan Act of 2021, the Coronavirus Local Recovery Fund (CLFRF) provides emergency funding for eligible local governments. The U.S. Treasury manages the distribution of these funds to Texas counties and cities with populations above 50,000. Cities, villages, towns, and townships serving populations of less than 50,000 are classified as nonentitlement units of local government and will receive funding distributed by the Texas Division of Emergency Management. \$985,321 and \$989,215 was received during the years ended September 30, 2021, and 2022 respectively. \$202,578 has been spent and recognized as revenues. The \$1,771,959 funds that have not been spent are reported as unearned revenue.

**NOTE 16: CHANGE IN ACCOUNTING PRINCIPAL**

For 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for leases accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City's 2022 financial statements and did not have an effect on the beginning net position.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF RICHLAND HILLS, TEXAS**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended September 30, 2022**

|                                                              | Budgeted Amounts |              |              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------------------------------------------|------------------|--------------|--------------|---------------------------------------------------------|
|                                                              | Original         | Final        | Actual       |                                                         |
| REVENUES                                                     |                  |              |              |                                                         |
| Taxes:                                                       |                  |              |              |                                                         |
| Property                                                     | \$ 2,948,805     | \$ 2,941,076 | \$ 2,803,083 | \$ (137,993)                                            |
| Sales                                                        | 3,501,750        | 4,218,809    | 4,574,082    | 355,273                                                 |
| Franchise                                                    | 517,000          | 539,240      | 549,332      | 10,092                                                  |
| Fines and forfeitures                                        | 402,500          | 274,900      | 298,258      | 23,358                                                  |
| Licenses and permits                                         | 152,500          | 153,920      | 177,429      | 23,509                                                  |
| Charges for service                                          | 276,050          | 287,200      | 296,852      | 9,652                                                   |
| Intergovernmental revenue                                    | -                | -            | 3,296        | 3,296                                                   |
| Investment earnings                                          | 1,500            | 3,500        | 6,843        | 3,343                                                   |
| Other revenue                                                | 73,300           | 123,300      | 174,816      | 51,516                                                  |
| Total revenues                                               | 7,873,405        | 8,541,945    | 8,883,991    | 342,046                                                 |
| EXPENDITURES                                                 |                  |              |              |                                                         |
| Current                                                      |                  |              |              |                                                         |
| General government                                           | 1,396,566        | 1,393,869    | 1,399,903    | (6,034)                                                 |
| Public safety                                                | 4,317,719        | 4,500,206    | 4,487,357    | 12,849                                                  |
| Public works                                                 | 291,129          | 202,465      | 181,835      | 20,630                                                  |
| Culture and recreation                                       | 661,040          | 665,636      | 669,104      | (3,468)                                                 |
| Parks and beautification                                     | 249,656          | 243,796      | 163,819      | 79,977                                                  |
| Community development                                        | 384,426          | 394,299      | 415,999      | (21,700)                                                |
| Capital outlay                                               | -                | 162,652      | 462,507      | (299,855)                                               |
| Total expenditures                                           | 7,300,536        | 7,562,923    | 7,780,524    | (217,601)                                               |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER (UNDER) EXPENDITURES |                  |              |              |                                                         |
|                                                              | 572,869          | 979,022      | 1,103,467    | 124,445                                                 |
| OTHER FINANCING SOURCES (USES)                               |                  |              |              |                                                         |
| Financed purchases                                           | -                | -            | 299,855      | 299,855                                                 |
| Transfers in                                                 | -                | -            | 78,339       | 78,339                                                  |
| Transfers out                                                | (563,626)        | (493,783)    | (362,691)    | 131,092                                                 |
| Total other financing sources (uses)                         | (563,626)        | (493,783)    | 15,503       | 509,286                                                 |
| NET CHANGE IN FUND BALANCES                                  |                  |              |              |                                                         |
|                                                              | 9,243            | 485,239      | 1,118,970    | 633,731                                                 |
| FUND BALANCE, OCTOBER 1, 2021                                |                  |              |              |                                                         |
|                                                              | 4,433,131        | 4,433,131    | 4,433,131    | -                                                       |
| FUND BALANCE, SEPTEMBER 30, 2022                             |                  |              |              |                                                         |
|                                                              | \$ 4,442,374     | \$ 4,918,370 | \$ 5,552,101 | \$ 633,731                                              |

The accompanying notes to required supplementary information are an integral part of this schedule.

**CITY OF RICHLAND HILLS, TEXAS**  
**Crime Control District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended September 30, 2022**

|                                                                      | Budgeted Amounts  |                   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------------------------------------------------|-------------------|-------------------|-------------------|---------------------------------------------------------|
|                                                                      | Original          | Final             |                   |                                                         |
| <b>REVENUES</b>                                                      |                   |                   |                   |                                                         |
| Taxes:                                                               |                   |                   |                   |                                                         |
| Sales                                                                | \$ 1,500,000      | \$ 1,603,419      | \$ 1,733,824      | \$ 130,405                                              |
| Intergovernmental revenues                                           | 12,000            | -                 | 1,603             | 1,603                                                   |
| Total revenues                                                       | <u>1,512,000</u>  | <u>1,603,419</u>  | <u>1,735,427</u>  | <u>132,008</u>                                          |
| <b>EXPENDITURES</b>                                                  |                   |                   |                   |                                                         |
| Current                                                              |                   |                   |                   |                                                         |
| Public safety                                                        | 1,225,844         | 1,242,757         | 1,222,419         | 20,338                                                  |
| Capital outlay                                                       | 49,804            | 49,804            | 45,594            | 4,210                                                   |
| Total expenditures                                                   | <u>1,275,648</u>  | <u>1,292,561</u>  | <u>1,268,013</u>  | <u>24,548</u>                                           |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>236,352</u>    | <u>310,858</u>    | <u>467,414</u>    | <u>156,556</u>                                          |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                   |                   |                   |                                                         |
| Transfers in                                                         | -                 | -                 | 9,988             | 9,988                                                   |
| Transfers out                                                        | (106,860)         | (116,860)         | (116,860)         | -                                                       |
| Total other financing sources (uses)                                 | <u>(106,860)</u>  | <u>(116,860)</u>  | <u>(106,872)</u>  | <u>9,988</u>                                            |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | 129,492           | 193,998           | 360,542           | 166,544                                                 |
| <b>FUND BALANCE, OCTOBER 1, 2021</b>                                 | <u>520,637</u>    | <u>520,637</u>    | <u>520,637</u>    | <u>-</u>                                                |
| <b>FUND BALANCE, SEPTEMBER 30, 2022</b>                              | <u>\$ 650,129</u> | <u>\$ 714,635</u> | <u>\$ 881,179</u> | <u>\$ 166,544</u>                                       |

The accompanying notes to required supplementary information are an integral part of this schedule.

**CITY OF RICHLAND HILLS, TEXAS**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Last 10 Years (will ultimately be displayed)**

|                                                                            | 2014                 | 2015                 | 2016                 |
|----------------------------------------------------------------------------|----------------------|----------------------|----------------------|
| <b>Total Pension Liability</b>                                             |                      |                      |                      |
| Service Cost                                                               | \$ 687,735           | \$ 747,466           | \$ 768,050           |
| Interest (on the Total Pension Liability)                                  | 1,871,624            | 1,924,741            | 1,944,232            |
| Changes of benefit terms                                                   | -                    | -                    | -                    |
| Difference between expected and actual experience                          | (712,052)            | (370,657)            | \$ (390,269)         |
| Change of assumptions                                                      | -                    | 212,735              | -                    |
| Benefit payments, including refunds of employee contributions              | (978,956)            | (1,257,766)          | (1,177,105)          |
| Net Change in Total Pension Liability                                      | 868,351              | 1,256,519            | 1,144,908            |
| Total Pension Liability - Beginning                                        | 26,883,097           | 27,751,448           | 29,007,967           |
| Total Pension Liability - Ending                                           | <u>\$ 27,751,448</u> | <u>\$ 29,007,967</u> | <u>\$ 30,152,875</u> |
| <b>Plan Fiduciary Net Position</b>                                         |                      |                      |                      |
| Contributions - Employer                                                   | \$ 721,134           | \$ 736,648           | \$ 675,283           |
| Contributions - Employee                                                   | 284,230              | 291,329              | 292,511              |
| Net Investment Income                                                      | 1,371,030            | 37,404               | 1,698,601            |
| Benefit payments, including refunds of employee contributions              | (978,956)            | (1,257,766)          | (1,177,105)          |
| Administrative Expense                                                     | (14,314)             | (22,782)             | (19,182)             |
| Other                                                                      | (1,177)              | (1,125)              | (1,034)              |
| Net Change in Plan Fiduciary Net Position                                  | 1,381,947            | (216,292)            | 1,469,074            |
| Plan Fiduciary Net Position - Beginning                                    | 23,965,772           | 25,347,719           | 25,131,427           |
| Plan Fiduciary Net Position - Ending                                       | <u>\$ 25,347,719</u> | <u>\$ 25,131,427</u> | <u>\$ 26,600,501</u> |
| <b>Net Pension Liability/(Asset) - Ending</b>                              | <u>\$ 2,403,729</u>  | <u>\$ 3,876,540</u>  | <u>\$ 3,552,374</u>  |
| <br>Plan Fiduciary Net Position as a Percentage of Total Pension Liability | <br>91.34%           | <br>86.64%           | <br>88.22%           |
| <br>Covered Payroll                                                        | <br>\$ 4,060,434     | <br>\$ 4,161,836     | <br>\$ 4,178,724     |
| <br>Net Pension Liability as a Percentage of Covered Payroll               | <br>59.20%           | <br>93.14%           | <br>85.01%           |

The accompanying notes to required supplementary information are an integral part of this schedule.

### EXHIBIT E-3

| 2017          | 2018          | 2019          | 2020          | 2021          |
|---------------|---------------|---------------|---------------|---------------|
| \$ 818,261    | \$ 902,607    | \$ 893,134    | \$ 874,546    | \$ 871,222    |
| 2,011,541     | 2,057,136     | 2,124,314     | 2,219,334     | 2,299,569     |
| -             | -             | -             | -             | -             |
| \$ (298,938)  | \$ 538        | \$ 113,437    | \$ (68,235)   | \$ 435,654    |
| -             | -             | 81,366        | -             | -             |
| (1,522,784)   | (2,272,345)   | (1,648,272)   | (1,942,256)   | (1,728,359)   |
| 1,008,080     | 687,936       | 1,563,979     | 1,083,389     | 1,878,086     |
| 30,152,875    | 31,160,955    | 31,848,891    | 33,412,870    | 34,496,259    |
| \$ 31,160,955 | \$ 31,848,891 | \$ 33,412,870 | \$ 34,496,259 | \$ 36,374,345 |
| <hr/>         |               |               |               |               |
| \$ 713,878    | \$ 774,634    | 738,471       | 729,799       | 744,070       |
| 309,612       | 339,326       | 334,149       | 326,846       | 324,564       |
| 3,687,182     | (891,663)     | 4,280,458     | 2,380,513     | 4,280,598     |
| (1,522,784)   | (2,272,345)   | (1,648,272)   | (1,942,256)   | (1,728,359)   |
| (19,106)      | (17,234)      | (24,197)      | (15,413)      | (19,820)      |
| (968)         | (900)         | (727)         | (601)         | 135           |
| 3,167,814     | (2,068,182)   | 3,679,882     | 1,478,888     | 3,601,188     |
| 26,600,501    | 29,768,315    | 27,700,132    | 31,380,014    | 32,858,902    |
| \$ 29,768,315 | \$ 27,700,133 | \$ 31,380,014 | \$ 32,858,902 | \$ 36,460,090 |
| <hr/>         |               |               |               |               |
| \$ 1,392,640  | \$ 4,148,758  | \$ 2,032,856  | \$ 1,637,357  | \$ (85,745)   |
| <hr/>         |               |               |               |               |
| 95.53%        | 86.97%        | 93.92%        | 95.25%        | 100.24%       |
| \$ 4,423,034  | \$ 4,847,513  | 4,773,564     | 4,669,225     | 4,636,625     |
| 31.49%        | 85.59%        | 42.59%        | 35.07%        | -1.85%        |

**CITY OF RICHLAND HILLS, TEXAS**  
**Schedule of Contributions**  
**Last 10 Fiscal Years (will ultimately be displayed)**

|                                                                         | 2014         | 2015         | 2016         | 2017         |
|-------------------------------------------------------------------------|--------------|--------------|--------------|--------------|
| Actuarially Determined Contribution                                     | \$ 701,213   | \$ 722,326   | \$ 713,791   | \$ 711,966   |
| Contributions in relation to the actuarially<br>determined contribution | \$ 701,213   | \$ 722,326   | \$ 713,791   | \$ 711,966   |
| Contribution deficiency (excess)                                        | \$ -         | \$ -         | \$ -         | \$ -         |
| Covered payroll                                                         | \$ 4,013,063 | \$ 4,145,235 | \$ 4,303,832 | \$ 4,409,872 |
| Contributions as a percentage of<br>covered payroll                     | 17.47%       | 17.43%       | 16.59%       | 16.14%       |

The accompanying notes to required supplementary information are an integral part of this schedule.

**EXHIBIT E-4**

| 2018         | 2019         | 2020         | 2021         | 2022         |
|--------------|--------------|--------------|--------------|--------------|
| \$ 762,645   | \$ 752,726   | 708,466      | 717,202      | 789,826      |
| \$ 762,645   | \$ 752,726   | \$ 708,466   | \$ 717,202   | \$ 789,826   |
| \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| \$ 4,755,061 | \$ 4,827,173 | \$ 4,544,174 | \$ 4,501,008 | \$ 5,077,128 |
| 16.04%       | 15.59%       | 15.59%       | 15.93%       | 15.56%       |

**CITY OF RICHLAND HILLS, TEXAS**  
**Schedule of Changes in OPEB Liability and Related Ratios**  
**Last 10 Years (will ultimately be displayed)**

|                                                                | 2017              | 2018              | 2019              | 2020              | 2021              |
|----------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Total OPEB Liability</b>                                    |                   |                   |                   |                   |                   |
| Service Cost                                                   | \$ 9,731          | \$ 12,119         | \$ 10,024         | \$ 11,206         | \$ 14,837         |
| Interest (on the Total OPEB Liability)                         | 9,484             | 9,578             | 10,292            | 9,556             | 7,998             |
| Changes of benefit terms                                       | -                 | -                 | -                 | -                 | -                 |
| Difference between expected and actual experience              | -                 | (11,178)          | 1,385             | (12,260)          | (13,869)          |
| Change of assumptions                                          | 20,853            | (18,310)          | 51,104            | 49,045            | 11,143            |
| Benefit payments, including refunds of employee contributions  | (2,654)           | (2,909)           | (3,341)           | (3,268)           | (10,664)          |
| Net Change in Total OPEB Liability                             | 37,414            | (10,700)          | 69,464            | 54,279            | 9,445             |
| Total OPEB Liability - Beginning                               | 247,352           | 284,766           | 274,066           | 343,530           | 397,809           |
| Total OPEB Liability - Ending                                  | <u>\$ 284,766</u> | <u>\$ 274,066</u> | <u>\$ 343,530</u> | <u>\$ 397,809</u> | <u>\$ 407,254</u> |
| <br>Covered Payroll                                            | <br>\$ 4,423,034  | <br>\$ 4,847,513  | <br>\$ 4,773,564  | <br>\$ 4,669,225  | <br>\$ 4,669,225  |
| <br>Total OPEB Liability as a Percentage of<br>Covered Payroll | <br>6.44%         | <br>5.65%         | <br>7.20%         | <br>8.52%         | <br>8.72%         |

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

The accompanying notes to required supplementary information are an integral part of this schedule.

**CITY OF RICHLAND HILLS, TEXAS**  
**Notes to Required Supplementary Information**  
**September 30, 2022**

**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Crime Control District, Court Building Security Special Revenue Fund, Richland Hills Development Corporation Special Revenue Fund, Court Technology Special Revenue Fund, Hotel Occupancy Tax Special Revenue Fund, Link Operations Special Revenue Fund, Debt Service Fund, Road and Street Capital Project Fund, Oil & Gas Lease Capital Projects Fund, the Capital Projects Fund, the Baker Boulevard Projects Fund and the vehicle replacement fund. All annual appropriations lapse at fiscal year end.

At least 35 days prior to the beginning of the budget year, October 1, the City Manager will submit his proposed city budget for the ensuing year to the City Council. From its date of submission, the proposed budget shall be a public record. The City Council shall hold a public hearing on the proposed budget at least 14 days before the beginning of the budget year. At least 10 days notice of such public hearing will be given by notice in the official newspaper. After a hearing, the City Council may make such changes it deems proper in the proposed budget and adopt a final budget prior to the beginning of the budget year. All budget hearings and actions on the budget shall be open to the public. If a final budget is not adopted by the beginning of the budget year, the proposed budget of the City Manager shall be deemed to have been approved. The budget shall go into effect on the first day of the budget year. The budget may be amended during the year only after complying with the notice procedure called for above for adoption of the budget. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at September 30, and encumbrances outstanding at the time are to be either canceled or appropriately provided for in the subsequent year's budget.

The City's budget was properly amended throughout the year as needed.

**B. Excess of Expenditures Over Appropriations**

The following funds had actual expenditures that exceeded appropriations.

| Fund                     | Amount     | Explanation                            |
|--------------------------|------------|----------------------------------------|
| General fund             | \$ 217,601 | Ambulance purchased with capital lease |
| Court building security  | 756        | Court expenses                         |
| Hotel Occupancy Tax      | 865        | Economic development                   |
| Link Operations          | 26,607     | Program supplies                       |
| Road and Street          | 89,328     | Street improvements                    |
| Baker Boulevard Projects | 2,416      | Facility improvements                  |
| Vehicle Replacement      | 135,229    | Vehicles acquired with lease financing |

**CITY OF RICHLAND HILLS, TEXAS**  
**Notes to Required Supplementary Information**  
**September 30, 2022**

**C. Schedule of Contributions**

**Valuation Date:**

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

**Methods and Assumptions Used to Determine Contribution Rates:**

|                           |                                                                                                                                                                                                                                                                                                                                                          |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actuarial Cost Method     | Entry Age Normal                                                                                                                                                                                                                                                                                                                                         |
| Amortization Method       | Level Percentage of Payroll, Closed                                                                                                                                                                                                                                                                                                                      |
| Remaining Amortization    |                                                                                                                                                                                                                                                                                                                                                          |
| Period                    | 24 years (longest amortization ladder)                                                                                                                                                                                                                                                                                                                   |
| Asset Valuation Method    | 10 Year smoothed market; 12% soft corridor                                                                                                                                                                                                                                                                                                               |
| Inflation                 | 2.50%                                                                                                                                                                                                                                                                                                                                                    |
| Salary Increases          | 3.50% to 11.50% including inflation                                                                                                                                                                                                                                                                                                                      |
| Investment Rate of Return | 6.75%                                                                                                                                                                                                                                                                                                                                                    |
| Retirement Age            | Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018                                                                                                                                                                            |
| Mortality                 | Post-retirement: 2019 Municipal Retirees of Texas Mortality Table. The rates are projected on a fully generational basis with scale UMP.<br>Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP. |

**Other Information:**

Notes There were no benefit changes during the year.

**D. Schedule of Changes in OPEB Liability**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

## **SPECIAL REVENUE FUNDS**

The special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects or proprietary funds) that are legally restricted to expenditures for specified purposes.

**Court Building Security Fund** is used to account for the City's share of fines to be used to enhance building security for municipal court.

The **Richland Hills Development Corporation** is a blended component unit which accounts for the promotion of infrastructure improvements, parks and park facilities and economic development within the City and the State of Texas in order to eliminate unemployment and underemployment and to promote and encourage employment and the public welfare of, for and on behalf of the City.

**Court Technology Fund** is used to account for the City's share of fines to be used for improvements to municipal court technology.

**Library Grants Fund** is used to account for grants to be used for the library.

**Red Light Camera Enforce Fund** accounts for all revenues and expenditures related to red light cameras placed at intersections in the City.

The **Hotel Occupancy Tax Fund** accounts for the proceeds of a 7 percent hotel occupancy tax and expenditures related tourism.

The **Keep Richland Hills Beautiful Fund** accounts for donations to be used for the City's parks.

The **Recreation Event Fund** accounts for recreational events that are hosted by the City.

The **Crime Victim Liaison Fund** is used to account for expenses of the crime victim liaison cops grant.

The **Link Operations Fund** is used to account for operations of the Link event and recreation center.

The **Contributions and Donations fund** is used to account for donations made to the City for various activities.

The **Police Seizure and Police Forfeiture funds** account for seizure and forfeiture funds.

The **LEOSE fund** accounts for grants for public safety training.

**DEBT SERVICE FUND**

The **Debt Service Fund** is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**CAPITAL PROJECT FUNDS**

The Capital Project Funds account for all resources used for the acquisition and/or construction of capital facilities by the City, except those financed by the Enterprise Funds.

The **Oil and Gas Lease Fund** is used to account for the proceeds of the oil and gas lease bonus and future expenditures for capital projects.

The **Capital Projects Fund** accounts for the purchase of equipment by the City.

The **2019 GO Bonds Fund** is used to account for bond proceeds for the purpose of constructing and equipping a new fire station.

The **2019 Tax Notes Fund** accounts for the proceeds of the 2019 Tax Notes, which will be used for the demolition and renovation of space formerly used as a city jail to be used for city administrative uses, including conference rooms, training rooms, criminal investigation and related municipal use.

The **Baker Boulevard Projects Fund** is used to account for the receipts of the Baker Boulevard TIF zone and the green ribbon and intersection projects.

The **Link Activity Center Fund** is used to account for the construction of the multi-purpose community facility.

The **Vehicle Replacement Fund** accounts for replacement vehicles purchased by the City.

The **Link Replacement Fund** accounts for capital asset replacement at the Link.

**CITY OF RICHLAND HILLS, TEXAS**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**September 30, 2022**

|                                                                       | Court<br>Building<br>Security | Richland Hills<br>Development<br>Corporation | Court<br>Technology | Library<br>Grants | Red Light<br>Camera<br>Enforce |
|-----------------------------------------------------------------------|-------------------------------|----------------------------------------------|---------------------|-------------------|--------------------------------|
| <b>ASSETS</b>                                                         |                               |                                              |                     |                   |                                |
| Cash                                                                  | \$ -                          | \$ 1,390,894                                 | \$ -                | \$ 3,327          | \$ -                           |
| Investments                                                           | 28,331                        | -                                            | 9,670               | -                 | 357                            |
| Receivables (Net of allowances for<br>uncollectibles)                 |                               |                                              |                     |                   |                                |
| Property tax                                                          | -                             | -                                            | -                   | -                 | -                              |
| Sales tax                                                             | -                             | 223,685                                      | -                   | -                 | -                              |
| Other                                                                 | -                             | -                                            | -                   | -                 | -                              |
| Due from other funds                                                  | -                             | -                                            | -                   | -                 | -                              |
| Total assets                                                          | <u>\$ 28,331</u>              | <u>\$ 1,614,579</u>                          | <u>\$ 9,670</u>     | <u>\$ 3,327</u>   | <u>\$ 357</u>                  |
| <b>LIABILITIES, DEFERRED INFLOWS<br/>AND FUND BALANCES</b>            |                               |                                              |                     |                   |                                |
| Liabilities:                                                          |                               |                                              |                     |                   |                                |
| Accounts payable                                                      | \$ -                          | \$ 5,906                                     | \$ -                | \$ 50             | \$ -                           |
| Accrued liabilities                                                   | -                             | 3,789                                        | -                   | -                 | -                              |
| Unearned revenues                                                     | -                             | -                                            | -                   | -                 | -                              |
| Total liabilities                                                     | <u>-</u>                      | <u>9,695</u>                                 | <u>-</u>            | <u>50</u>         | <u>-</u>                       |
| Deferred inflows of resources                                         |                               |                                              |                     |                   |                                |
| Deferred revenue                                                      | -                             | -                                            | -                   | -                 | -                              |
| Total deferred inflows of resources                                   | <u>-</u>                      | <u>-</u>                                     | <u>-</u>            | <u>-</u>          | <u>-</u>                       |
| Fund Balance:                                                         |                               |                                              |                     |                   |                                |
| Restricted for:                                                       |                               |                                              |                     |                   |                                |
| Public Safety                                                         | 28,331                        | -                                            | 9,670               | -                 | 357                            |
| Culture and recreation                                                | -                             | -                                            | -                   | 3,277             | -                              |
| Parks and beautification                                              | -                             | -                                            | -                   | -                 | -                              |
| Economic Development                                                  | -                             | 1,604,884                                    | -                   | -                 | -                              |
| Debt Service                                                          | -                             | -                                            | -                   | -                 | -                              |
| Capital Projects                                                      | -                             | -                                            | -                   | -                 | -                              |
| Assigned                                                              | -                             | -                                            | -                   | -                 | -                              |
| Total fund balances                                                   | <u>28,331</u>                 | <u>1,604,884</u>                             | <u>9,670</u>        | <u>3,277</u>      | <u>357</u>                     |
| Total liabilities, deferred inflows of<br>resources and fund balances | <u>\$ 28,331</u>              | <u>\$ 1,614,579</u>                          | <u>\$ 9,670</u>     | <u>\$ 3,327</u>   | <u>\$ 357</u>                  |

| Special Revenue           |                                     |                     |                            |                    |                              |                   |                      |
|---------------------------|-------------------------------------|---------------------|----------------------------|--------------------|------------------------------|-------------------|----------------------|
| Hotel<br>Occupancy<br>Tax | Keep<br>Richland Hills<br>Beautiful | Recreation<br>Event | Crime<br>Victim<br>Liaison | Link<br>Operations | Contributions<br>& Donations | Police<br>Seizure | Police<br>Forfeiture |
| \$ 153,483                | \$ -                                | \$ 1,016            | \$ -                       | \$ 170,768         | \$ 37,492                    | \$ -              | \$ 7,384             |
| 24,091                    | 58,571                              | -                   | 14,081                     | -                  | -                            | 23,846            | -                    |
| -                         | -                                   | -                   | -                          | -                  | -                            | -                 | -                    |
| -                         | -                                   | -                   | -                          | -                  | -                            | -                 | -                    |
| 21,548                    | -                                   | -                   | -                          | -                  | -                            | -                 | -                    |
| -                         | -                                   | -                   | -                          | -                  | -                            | -                 | -                    |
| <u>\$ 199,122</u>         | <u>\$ 58,571</u>                    | <u>1,016</u>        | <u>14,081</u>              | <u>170,768</u>     | <u>37,492</u>                | <u>23,846</u>     | <u>7,384</u>         |
|                           |                                     |                     |                            |                    |                              |                   |                      |
| \$ -                      | \$ 1,000                            | \$ 751              | \$ -                       | \$ 69,158          | \$ 349                       | \$ -              | \$ -                 |
| 1,380                     | -                                   | -                   | -                          | 13,945             | -                            | -                 | -                    |
| -                         | -                                   | -                   | -                          | 30,795             | -                            | -                 | -                    |
| <u>1,380</u>              | <u>1,000</u>                        | <u>751</u>          | <u>-</u>                   | <u>113,898</u>     | <u>349</u>                   | <u>-</u>          | <u>-</u>             |
|                           |                                     |                     |                            |                    |                              |                   |                      |
| -                         | -                                   | -                   | -                          | -                  | -                            | -                 | -                    |
| -                         | -                                   | -                   | -                          | -                  | -                            | -                 | -                    |
|                           |                                     |                     |                            |                    |                              |                   |                      |
| -                         | -                                   | -                   | 14,081                     | -                  | -                            | 23,846            | 7,384                |
| -                         | -                                   | -                   | -                          | 56,870             | 37,143                       | -                 | -                    |
| -                         | 57,571                              | -                   | -                          | -                  | -                            | -                 | -                    |
| 197,742                   | -                                   | -                   | -                          | -                  | -                            | -                 | -                    |
| -                         | -                                   | -                   | -                          | -                  | -                            | -                 | -                    |
| -                         | -                                   | -                   | -                          | -                  | -                            | -                 | -                    |
| -                         | -                                   | 265                 | -                          | -                  | -                            | -                 | -                    |
| <u>197,742</u>            | <u>57,571</u>                       | <u>265</u>          | <u>14,081</u>              | <u>56,870</u>      | <u>37,143</u>                | <u>23,846</u>     | <u>7,384</u>         |
|                           |                                     |                     |                            |                    |                              |                   |                      |
| <u>\$ 199,122</u>         | <u>\$ 58,571</u>                    | <u>\$ 1,016</u>     | <u>\$ 14,081</u>           | <u>\$ 170,768</u>  | <u>\$ 37,492</u>             | <u>\$ 23,846</u>  | <u>\$ 7,384</u>      |

**CITY OF RICHLAND HILLS, TEXAS**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**September 30, 2022**

|                                                                       | LEOSE           | Total<br>Special<br>Revenue Funds | Debt<br>Service   | Oil & Gas<br>Lease | Capital<br>Projects |
|-----------------------------------------------------------------------|-----------------|-----------------------------------|-------------------|--------------------|---------------------|
| <b>ASSETS</b>                                                         |                 |                                   |                   |                    |                     |
| Cash                                                                  | \$ 9,963        | \$ 1,774,327                      | \$ 195,992        | \$ 76,435          | \$ 304,245          |
| Investments                                                           | -               | 158,947                           | 365,972           | 209,099            | 91,620              |
| Receivables (Net of allowances for<br>uncollectibles)                 |                 |                                   |                   |                    |                     |
| Property tax                                                          | -               | -                                 | 11,034            | -                  | -                   |
| Sales tax                                                             | -               | 223,685                           | -                 | -                  | -                   |
| Other                                                                 | -               | 21,548                            | -                 | 183,295            | -                   |
| Due from other funds                                                  | -               | -                                 | 1,300             | -                  | -                   |
| Total assets                                                          | <u>\$ 9,963</u> | <u>\$ 2,178,507</u>               | <u>\$ 574,298</u> | <u>\$ 468,829</u>  | <u>\$ 395,865</u>   |
| <b>LIABILITIES, DEFERRED INFLOWS<br/>AND FUND BALANCES</b>            |                 |                                   |                   |                    |                     |
| Liabilities:                                                          |                 |                                   |                   |                    |                     |
| Accounts payable                                                      | \$ -            | \$ 77,214                         | \$ 4,353          | \$ -               | \$ 100,000          |
| Accrued liabilities                                                   | -               | 19,114                            | -                 | -                  | -                   |
| Unearned revenues                                                     | -               | 30,795                            | -                 | -                  | -                   |
| Total liabilities                                                     | -               | 127,123                           | 4,353             | -                  | 100,000             |
| Deferred inflows of resources                                         |                 |                                   |                   |                    |                     |
| Deferred revenue                                                      | -               | -                                 | 11,034            | -                  | -                   |
| Total deferred inflows of resources                                   | -               | -                                 | 11,034            | -                  | -                   |
| Fund Balance:                                                         |                 |                                   |                   |                    |                     |
| Restricted for:                                                       |                 |                                   |                   |                    |                     |
| Public Safety                                                         | 9,963           | 93,632                            | -                 | -                  | -                   |
| Culture and recreation                                                | -               | 97,290                            | -                 | -                  | -                   |
| Parks and beautification                                              | -               | 57,571                            | -                 | -                  | -                   |
| Economic Development                                                  | -               | 1,802,626                         | -                 | -                  | -                   |
| Debt Service                                                          | -               | -                                 | 558,911           | -                  | -                   |
| Capital Projects                                                      | -               | -                                 | -                 | 468,829            | 295,865             |
| Assigned                                                              | -               | 265                               | -                 | -                  | -                   |
| Total fund balances                                                   | <u>9,963</u>    | <u>2,051,384</u>                  | <u>558,911</u>    | <u>468,829</u>     | <u>295,865</u>      |
| Total liabilities, deferred inflows of<br>resources and fund balances | <u>\$ 9,963</u> | <u>\$ 2,178,507</u>               | <u>\$ 574,298</u> | <u>\$ 468,829</u>  | <u>\$ 395,865</u>   |

EXHIBIT F-1

| Capital Projects Funds |                      |                                |                            |                        |                     |                                    |                            |
|------------------------|----------------------|--------------------------------|----------------------------|------------------------|---------------------|------------------------------------|----------------------------|
| 2019 GO<br>Bonds       | 2019<br>Tax<br>Notes | Baker<br>Boulevard<br>Projects | Link<br>Activity<br>Center | Vehicle<br>Replacement | Link<br>Replacement | Total<br>Capital<br>Projects Funds | Total<br>Nonmajor<br>Funds |
| \$ 113,158             | \$ 175               | \$ -                           | \$ 12,447                  | \$ 8,650               | \$ 4,625            | \$ 519,735                         | \$ 2,490,054               |
| -                      | 6,097                | 947,483                        | -                          | -                      | -                   | 1,254,299                          | 1,779,218                  |
| -                      | -                    | -                              | -                          | -                      | -                   | -                                  | 11,034                     |
| -                      | -                    | -                              | -                          | -                      | -                   | -                                  | 223,685                    |
| -                      | -                    | -                              | -                          | -                      | -                   | 183,295                            | 204,843                    |
| -                      | -                    | -                              | -                          | -                      | -                   | -                                  | 1,300                      |
| <u>\$ 113,158</u>      | <u>\$ 6,272</u>      | <u>\$ 947,483</u>              | <u>\$ 12,447</u>           | <u>\$ 8,650</u>        | <u>\$ 4,625</u>     | <u>\$ 1,957,329</u>                | <u>\$ 4,710,134</u>        |
|                        |                      |                                |                            |                        |                     |                                    |                            |
| \$ -                   | \$ -                 | \$ 2,416                       | \$ -                       | \$ 6,166               | \$ -                | \$ 108,582                         | \$ 190,149                 |
| -                      | -                    | -                              | -                          | -                      | -                   | -                                  | 19,114                     |
| -                      | -                    | -                              | -                          | -                      | -                   | -                                  | 30,795                     |
| -                      | -                    | 2,416                          | -                          | 6,166                  | -                   | 108,582                            | 240,058                    |
| -                      | -                    | -                              | -                          | -                      | -                   | -                                  | 11,034                     |
| -                      | -                    | -                              | -                          | -                      | -                   | -                                  | 11,034                     |
| -                      | -                    | -                              | -                          | -                      | -                   | -                                  | 93,632                     |
| -                      | -                    | -                              | -                          | -                      | -                   | -                                  | 97,290                     |
| -                      | -                    | -                              | -                          | -                      | -                   | -                                  | 57,571                     |
| -                      | -                    | -                              | -                          | -                      | -                   | -                                  | 1,802,626                  |
| -                      | -                    | -                              | -                          | -                      | -                   | -                                  | 558,911                    |
| 113,158                | 6,272                | 945,067                        | 12,447                     | -                      | -                   | 1,841,638                          | 1,841,638                  |
| -                      | -                    | -                              | -                          | 2,484                  | 4,625               | 7,109                              | 7,374                      |
| 113,158                | 6,272                | 945,067                        | 12,447                     | 2,484                  | 4,625               | 1,848,747                          | 4,459,042                  |
| <u>\$ 113,158</u>      | <u>\$ 6,272</u>      | <u>\$ 947,483</u>              | <u>\$ 12,447</u>           | <u>\$ 8,650</u>        | <u>\$ 4,625</u>     | <u>\$ 1,957,329</u>                | <u>\$ 4,710,134</u>        |

**CITY OF RICHLAND HILLS, TEXAS**

**Nonmajor Governmental Funds**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**

**For the Fiscal Year Ended September 30, 2022**

|                                                                      | <u>Court<br/>Building<br/>Security</u> | <u>Richland Hills<br/>Development<br/>Corporation</u> | <u>Court<br/>Technology</u> | <u>Library<br/>Grants</u> | <u>Red Light<br/>Camera<br/>Enforce</u> |
|----------------------------------------------------------------------|----------------------------------------|-------------------------------------------------------|-----------------------------|---------------------------|-----------------------------------------|
| <b>REVENUES</b>                                                      |                                        |                                                       |                             |                           |                                         |
| Taxes:                                                               |                                        |                                                       |                             |                           |                                         |
| Property taxes                                                       | \$ -                                   | \$ -                                                  | \$ -                        | \$ -                      | \$ -                                    |
| Sales                                                                | -                                      | 1,160,988                                             | -                           | -                         | -                                       |
| Hotel occupancy tax                                                  | -                                      | -                                                     | -                           | -                         | -                                       |
| Fines and forfeitures                                                | 5,610                                  | -                                                     | 4,885                       | -                         | -                                       |
| Charges for service                                                  | -                                      | -                                                     | -                           | -                         | -                                       |
| Investment earnings                                                  | -                                      | -                                                     | -                           | -                         | -                                       |
| Other revenue                                                        | -                                      | -                                                     | -                           | -                         | -                                       |
|                                                                      | <u>5,610</u>                           | <u>1,160,988</u>                                      | <u>4,885</u>                | <u>-</u>                  | <u>-</u>                                |
| Total revenue                                                        | 5,610                                  | 1,160,988                                             | 4,885                       | -                         | -                                       |
| <b>EXPENDITURES</b>                                                  |                                        |                                                       |                             |                           |                                         |
| Current:                                                             |                                        |                                                       |                             |                           |                                         |
| General government                                                   | -                                      | -                                                     | -                           | -                         | -                                       |
| Public safety                                                        | 756                                    | -                                                     | -                           | -                         | -                                       |
| Culture and recreation                                               | -                                      | -                                                     | -                           | 6,276                     | -                                       |
| Parks and beautification                                             | -                                      | 68                                                    | -                           | -                         | -                                       |
| Economic development                                                 | -                                      | 202,430                                               | -                           | -                         | -                                       |
| Capital Outlay                                                       | -                                      | -                                                     | -                           | -                         | -                                       |
| Debt Service                                                         |                                        |                                                       |                             |                           |                                         |
| Principal                                                            | -                                      | 135,000                                               | -                           | -                         | -                                       |
| Interest                                                             | -                                      | 94,063                                                | -                           | -                         | -                                       |
| Bond Issuance Cost                                                   | -                                      | -                                                     | -                           | -                         | -                                       |
|                                                                      | <u>756</u>                             | <u>431,561</u>                                        | <u>-</u>                    | <u>6,276</u>              | <u>-</u>                                |
| Total expenditures                                                   | 756                                    | 431,561                                               | -                           | 6,276                     | -                                       |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>4,854</u>                           | <u>729,427</u>                                        | <u>4,885</u>                | <u>(6,276)</u>            | <u>-</u>                                |
| Other financing sources (uses):                                      |                                        |                                                       |                             |                           |                                         |
| Insurance recoveries                                                 | -                                      | -                                                     | -                           | -                         | -                                       |
| Proceeds from sale of capital assets                                 | -                                      | -                                                     | -                           | -                         | -                                       |
| Lease financing                                                      | -                                      | -                                                     | -                           | -                         | -                                       |
| Transfers in                                                         | -                                      | -                                                     | -                           | -                         | -                                       |
| Transfers out                                                        | -                                      | -                                                     | -                           | -                         | -                                       |
|                                                                      | <u>-</u>                               | <u>-</u>                                              | <u>-</u>                    | <u>-</u>                  | <u>-</u>                                |
| Total other financing sources (uses):                                | -                                      | -                                                     | -                           | -                         | -                                       |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | 4,854                                  | 729,427                                               | 4,885                       | (6,276)                   | -                                       |
| <b>FUND BALANCE, OCTOBER 1, 2021</b>                                 | <u>23,477</u>                          | <u>875,457</u>                                        | <u>4,785</u>                | <u>9,553</u>              | <u>357</u>                              |
| <b>FUND BALANCE, SEPTEMBER 30, 2022</b>                              | <u>\$ 28,331</u>                       | <u>\$ 1,604,884</u>                                   | <u>\$ 9,670</u>             | <u>\$ 3,277</u>           | <u>\$ 357</u>                           |

| Special Revenue           |                                     |                     |                            |                    |                              |                   |                      |
|---------------------------|-------------------------------------|---------------------|----------------------------|--------------------|------------------------------|-------------------|----------------------|
| Hotel<br>Occupancy<br>Tax | Keep<br>Richland Hills<br>Beautiful | Recreation<br>Event | Crime<br>Victim<br>Liaison | Link<br>Operations | Contributions<br>& Donations | Police<br>Seizure | Police<br>Forfeiture |
| \$ -                      | \$ -                                | \$ -                | \$ -                       | \$ -               | \$ -                         | \$ -              | \$ -                 |
| -                         | -                                   | -                   | -                          | -                  | -                            | -                 | -                    |
| 214,587                   | -                                   | -                   | -                          | -                  | -                            | -                 | -                    |
| -                         | -                                   | -                   | -                          | -                  | -                            | -                 | -                    |
| -                         | -                                   | -                   | -                          | 596,536            | -                            | -                 | -                    |
| -                         | -                                   | -                   | -                          | -                  | -                            | 157               | -                    |
| -                         | 15,705                              | 7,000               | -                          | -                  | 10,682                       | 6,396             | 475                  |
| 214,587                   | 15,705                              | 7,000               | -                          | 596,536            | 10,682                       | 6,553             | 475                  |
| -                         | -                                   | -                   | -                          | -                  | -                            | -                 | -                    |
| -                         | -                                   | -                   | 3,781                      | -                  | 2,408                        | -                 | -                    |
| -                         | -                                   | 6,735               | -                          | 681,280            | 690                          | 3,183             | 9,059                |
| -                         | 10,772                              | -                   | -                          | -                  | -                            | -                 | -                    |
| 79,048                    | -                                   | -                   | -                          | -                  | -                            | -                 | -                    |
| -                         | -                                   | -                   | -                          | -                  | -                            | -                 | -                    |
| 60,000                    | -                                   | -                   | -                          | -                  | -                            | -                 | -                    |
| 42,413                    | -                                   | -                   | -                          | -                  | -                            | -                 | -                    |
| 181,461                   | 10,772                              | 6,735               | 3,781                      | 681,280            | 3,098                        | 3,183             | 9,059                |
| 33,126                    | 4,933                               | 265                 | (3,781)                    | (84,744)           | 7,584                        | 3,370             | (8,584)              |
| -                         | -                                   | -                   | -                          | -                  | -                            | -                 | -                    |
| -                         | -                                   | -                   | -                          | -                  | -                            | -                 | -                    |
| -                         | -                                   | -                   | -                          | -                  | -                            | -                 | -                    |
| -                         | -                                   | -                   | -                          | 167,083            | 29,559                       | 20,476            | 15,968               |
| -                         | -                                   | -                   | -                          | -                  | -                            | -                 | -                    |
| -                         | -                                   | -                   | -                          | 167,083            | 29,559                       | 20,476            | 15,968               |
| 33,126                    | 4,933                               | 265                 | (3,781)                    | 82,339             | 37,143                       | 23,846            | 7,384                |
| 164,616                   | 52,638                              | -                   | 17,862                     | (25,469)           | -                            | -                 | -                    |
| \$ 197,742                | \$ 57,571                           | \$ 265              | \$ 14,081                  | \$ 56,870          | \$ 37,143                    | \$ 23,846         | \$ 7,384             |

**CITY OF RICHLAND HILLS, TEXAS**

**Nonmajor Governmental Funds**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**

**For the Fiscal Year Ended September 30, 2022**

|                                                                      | LEOSE           | Total<br>Special<br>Revenue Funds | Debt<br>Service   | Oil & Gas<br>Lease | Capital<br>Projects |
|----------------------------------------------------------------------|-----------------|-----------------------------------|-------------------|--------------------|---------------------|
| <b>REVENUES</b>                                                      |                 |                                   |                   |                    |                     |
| Taxes:                                                               |                 |                                   |                   |                    |                     |
| Property taxes                                                       | \$ -            | \$ -                              | \$ 1,027,362      | \$ -               | \$ -                |
| Sales                                                                | -               | 1,160,988                         | -                 | -                  | -                   |
| Hotel occupancy tax                                                  | -               | 214,587                           | -                 | -                  | -                   |
| Fines and forfeitures                                                | -               | 10,495                            | -                 | -                  | -                   |
| Charges for service                                                  | -               | 596,536                           | -                 | -                  | -                   |
| Investment earnings                                                  | -               | 157                               | 6,872             | -                  | -                   |
| Other revenue                                                        | -               | 40,258                            | -                 | 308,117            | -                   |
| Total revenue                                                        | -               | 2,023,021                         | 1,034,234         | 308,117            | -                   |
| <b>EXPENDITURES</b>                                                  |                 |                                   |                   |                    |                     |
| Current:                                                             |                 |                                   |                   |                    |                     |
| General government                                                   | -               | -                                 | 6,040             | -                  | -                   |
| Public safety                                                        | -               | 6,945                             | -                 | -                  | -                   |
| Culture and recreation                                               | 2,331           | 709,554                           | -                 | -                  | -                   |
| Parks and beautification                                             | -               | 10,840                            | -                 | -                  | -                   |
| Economic development                                                 | -               | 281,478                           | -                 | -                  | -                   |
| Capital Outlay                                                       | -               | -                                 | -                 | 62,081             | 212,032             |
| Debt Service                                                         |                 |                                   |                   |                    |                     |
| Principal                                                            | -               | 195,000                           | 435,500           | -                  | 68,708              |
| Interest                                                             | -               | 136,476                           | 475,263           | -                  | 23,603              |
| Bond Issuance Cost                                                   |                 |                                   | -                 |                    |                     |
| Total expenditures                                                   | 2,331           | 1,340,293                         | 916,803           | 62,081             | 304,343             |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <b>(2,331)</b>  | <b>682,728</b>                    | <b>117,431</b>    | <b>246,036</b>     | <b>(304,343)</b>    |
| Other financing sources (uses):                                      |                 |                                   |                   |                    |                     |
| Insurance recoveries                                                 | -               | -                                 | -                 | -                  | -                   |
| Gain/loss on the sale of capital assets                              | -               | -                                 | -                 | -                  | -                   |
| Lease financing                                                      | -               | -                                 | -                 | -                  | -                   |
| Transfers in                                                         | 12,294          | 245,380                           | -                 | -                  | 246,396             |
| Transfers out                                                        | -               | -                                 | -                 | -                  | -                   |
| Total other financing sources (uses):                                | 12,294          | 245,380                           | -                 | -                  | 246,396             |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | <b>9,963</b>    | <b>928,108</b>                    | <b>117,431</b>    | <b>246,036</b>     | <b>(57,947)</b>     |
| <b>FUND BALANCE, OCTOBER 1, 2021</b>                                 | <b>-</b>        | <b>1,123,276</b>                  | <b>441,480</b>    | <b>222,793</b>     | <b>353,812</b>      |
| <b>FUND BALANCE, SEPTEMBER 30,</b>                                   | <b>\$ 9,963</b> | <b>\$ 2,051,384</b>               | <b>\$ 558,911</b> | <b>\$ 468,829</b>  | <b>\$ 295,865</b>   |

| Capital Projects Funds |                      |                                |                            |                        |                     |                                    |                            |
|------------------------|----------------------|--------------------------------|----------------------------|------------------------|---------------------|------------------------------------|----------------------------|
| 2019<br>GO Bonds       | 2019<br>Tax<br>Notes | Baker<br>Boulevard<br>Projects | Link<br>Activity<br>Center | Vehicle<br>Replacement | Link<br>Replacement | Total<br>Capital<br>Projects Funds | Total<br>Nonmajor<br>Funds |
| \$ -                   | \$ -                 | \$ 175,574                     | \$ -                       | \$ -                   | \$ -                | \$ 175,574                         | \$ 1,202,936               |
| -                      | -                    | 72,655                         | -                          | -                      | -                   | 72,655                             | 1,233,643                  |
| -                      | -                    | -                              | -                          | -                      | -                   | -                                  | 214,587                    |
| -                      | -                    | -                              | -                          | -                      | -                   | -                                  | 10,495                     |
| -                      | -                    | -                              | -                          | -                      | -                   | -                                  | 596,536                    |
| 1,851                  | -                    | -                              | -                          | -                      | -                   | 1,851                              | 8,880                      |
| -                      | -                    | -                              | -                          | -                      | -                   | 308,117                            | 348,375                    |
| 1,851                  | -                    | 248,229                        | -                          | -                      | -                   | 558,197                            | 3,615,452                  |
| -                      | -                    | -                              | -                          | -                      | -                   | -                                  | 6,040                      |
| -                      | -                    | -                              | -                          | -                      | -                   | -                                  | 6,945                      |
| -                      | -                    | -                              | -                          | -                      | -                   | -                                  | 709,554                    |
| -                      | -                    | -                              | -                          | -                      | -                   | -                                  | 10,840                     |
| -                      | -                    | -                              | -                          | -                      | -                   | -                                  | 281,478                    |
| 228,370                | 32,119               | 87,396                         | -                          | 291,564                | 20,375              | 933,937                            | 933,937                    |
| -                      | -                    | -                              | -                          | 7,745                  | -                   | 76,453                             | 706,953                    |
| -                      | -                    | -                              | -                          | 1,707                  | -                   | 25,310                             | 637,049                    |
| -                      | -                    | -                              | -                          | -                      | -                   | -                                  | -                          |
| 228,370                | 32,119               | 87,396                         | -                          | 301,016                | 20,375              | 1,035,700                          | 3,292,796                  |
| (226,519)              | (32,119)             | 160,833                        | -                          | (301,016)              | (20,375)            | (477,503)                          | 322,656                    |
| -                      | -                    | -                              | -                          | 18,708                 | -                   | 18,708                             | 18,708                     |
| -                      | -                    | -                              | -                          | 23,915                 | -                   | 23,915                             | 23,915                     |
| -                      | -                    | -                              | -                          | 163,159                | -                   | 163,159                            | 163,159                    |
| -                      | 44,488               | -                              | -                          | 64,179                 | 25,000              | 380,063                            | 625,443                    |
| (251,480)              | -                    | (98,574)                       | -                          | -                      | -                   | (350,054)                          | (350,054)                  |
| (251,480)              | 44,488               | (98,574)                       | -                          | 269,961                | 25,000              | 235,791                            | 481,171                    |
| (477,999)              | 12,369               | 62,259                         | -                          | (31,055)               | 4,625               | (241,712)                          | 803,827                    |
| 591,157                | (6,097)              | 882,808                        | 12,447                     | 33,539                 | -                   | 2,090,459                          | 3,655,215                  |
| <u>\$ 113,158</u>      | <u>\$ 6,272</u>      | <u>\$ 945,067</u>              | <u>\$ 12,447</u>           | <u>\$ 2,484</u>        | <u>\$ 4,625</u>     | <u>\$ 1,848,747</u>                | <u>\$ 4,459,042</u>        |

**CITY OF RICHLAND HILLS, TEXAS**  
**Court Building Security Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended September 30, 2022**

|                                         | Budgeted Amounts |           | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------------|------------------|-----------|-----------|---------------------------------------------------------|
|                                         | Original         | Final     |           |                                                         |
| <b>REVENUES</b>                         |                  |           |           |                                                         |
| Fines and forfeitures                   | \$ 5,700         | \$ 5,500  | \$ 5,610  | \$ 110                                                  |
| Total revenues                          | 5,700            | 5,500     | 5,610     | 110                                                     |
| <b>EXPENDITURES</b>                     |                  |           |           |                                                         |
| Current                                 |                  |           |           |                                                         |
| Public safety                           | 4,000            | -         | 756       | (756)                                                   |
| Total expenditures                      | 4,000            | -         | 756       | (756)                                                   |
| <b>NET CHANGE IN FUND BALANCES</b>      | 1,700            | 5,500     | 4,854     | (646)                                                   |
| <b>FUND BALANCE, OCTOBER 1, 2021</b>    | 23,477           | 23,477    | 23,477    | -                                                       |
| <b>FUND BALANCE, SEPTEMBER 30, 2022</b> | \$ 25,177        | \$ 28,977 | \$ 28,331 | \$ (646)                                                |

**CITY OF RICHLAND HILLS, TEXAS**  
**Richland Hills Development Corporation Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended September 30, 2022**

|                                                                      | Budgeted Amounts  |                     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------------------------------------------------|-------------------|---------------------|---------------------|---------------------------------------------------------|
|                                                                      | Original          | Final               |                     |                                                         |
| <b>REVENUES</b>                                                      |                   |                     |                     |                                                         |
| Taxes:                                                               |                   |                     |                     |                                                         |
| Sales                                                                | \$ 1,000,000      | \$ 1,073,022        | \$ 1,160,988        | \$ 87,966                                               |
| Total revenues                                                       | <u>1,000,000</u>  | <u>1,073,022</u>    | <u>1,160,988</u>    | <u>87,966</u>                                           |
| <b>EXPENDITURES</b>                                                  |                   |                     |                     |                                                         |
| Current                                                              |                   |                     |                     |                                                         |
| Parks and beautification                                             | -                 | 68                  | 68                  | -                                                       |
| Economic development                                                 | 227,325           | 205,927             | 202,430             | 3,497                                                   |
| Debt service:                                                        |                   |                     |                     |                                                         |
| Principal                                                            | 135,000           | 135,000             | 135,000             | -                                                       |
| Interest and fiscal agent charges                                    | 94,063            | 94,063              | 94,063              | (1)                                                     |
| Total expenditures                                                   | <u>456,388</u>    | <u>435,057</u>      | <u>431,561</u>      | <u>3,496</u>                                            |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>543,613</u>    | <u>637,965</u>      | <u>729,427</u>      | <u>91,462</u>                                           |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                   |                     |                     |                                                         |
| Transfers out                                                        | (640,000)         | -                   | -                   | -                                                       |
| Total other financing sources (uses)                                 | <u>(640,000)</u>  | <u>-</u>            | <u>-</u>            | <u>-</u>                                                |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | (96,388)          | 637,965             | 729,427             | 91,462                                                  |
| <b>FUND BALANCE, OCTOBER 1, 2021</b>                                 | <u>875,457</u>    | <u>875,457</u>      | <u>875,457</u>      | <u>-</u>                                                |
| <b>FUND BALANCE, SEPTEMBER 30, 2022</b>                              | <u>\$ 779,070</u> | <u>\$ 1,513,422</u> | <u>\$ 1,604,884</u> | <u>\$ 91,462</u>                                        |

**CITY OF RICHLAND HILLS, TEXAS**  
**Court Technology Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended September 30, 2022**

|                                         | Budgeted Amounts |          | Actual   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------------|------------------|----------|----------|---------------------------------------------------------|
|                                         | Original         | Final    |          |                                                         |
| <b>REVENUES</b>                         |                  |          |          |                                                         |
| Fines and forfeitures                   | \$ 6,500         | \$ 4,900 | \$ 4,885 | \$ (15)                                                 |
| Total revenues                          | 6,500            | 4,900    | 4,885    | (15)                                                    |
| <b>EXPENDITURES</b>                     |                  |          |          |                                                         |
| Current                                 |                  |          |          |                                                         |
| Public safety                           | -                | -        | -        | -                                                       |
| Total expenditures                      | -                | -        | -        | -                                                       |
| <b>NET CHANGE IN FUND BALANCES</b>      | 6,500            | 4,900    | 4,885    | (15)                                                    |
| <b>FUND BALANCE, OCTOBER 1, 2021</b>    | 4,785            | 4,785    | 4,785    | -                                                       |
| <b>FUND BALANCE, SEPTEMBER 30, 2022</b> | \$ 11,285        | \$ 9,685 | \$ 9,670 | \$ (15)                                                 |

**CITY OF RICHLAND HILLS, TEXAS**  
**Hotel Occupancy Tax Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended September 30, 2022**

|                                         | Budgeted Amounts  |                   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------------|-------------------|-------------------|-------------------|---------------------------------------------------------|
|                                         | Original          | Final             |                   |                                                         |
| <b>REVENUES</b>                         |                   |                   |                   |                                                         |
| Taxes:                                  |                   |                   |                   |                                                         |
| Hotel occupancy tax                     | \$ 180,000        | \$ 180,000        | \$ 214,587        | \$ 34,587                                               |
| Total revenues                          | <u>180,000</u>    | <u>180,000</u>    | <u>214,587</u>    | <u>34,587</u>                                           |
| <b>EXPENDITURES</b>                     |                   |                   |                   |                                                         |
| Economic development                    | 91,255            | 78,184            | 79,048            | (864)                                                   |
| Debt service:                           |                   |                   |                   |                                                         |
| Principal                               | 60,000            | 60,000            | 60,000            | -                                                       |
| Interest and fiscal agent charges       | 42,412            | 42,412            | 42,413            | (1)                                                     |
| Total expenditures                      | <u>193,667</u>    | <u>180,596</u>    | <u>181,461</u>    | <u>(865)</u>                                            |
| <b>NET CHANGE IN FUND BALANCES</b>      | (13,667)          | (596)             | 33,126            | 33,722                                                  |
| <b>FUND BALANCE, OCTOBER 1, 2021</b>    | <u>164,616</u>    | <u>164,616</u>    | <u>164,616</u>    | <u>-</u>                                                |
| <b>FUND BALANCE, SEPTEMBER 30, 2022</b> | <u>\$ 150,949</u> | <u>\$ 164,020</u> | <u>\$ 197,742</u> | <u>\$ 33,722</u>                                        |

**CITY OF RICHLAND HILLS, TEXAS**  
**Link Operations Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended September 30, 2022**

|                                                                      | Budgeted Amounts   |                 | Actual          | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------------------------------------------------|--------------------|-----------------|-----------------|---------------------------------------------------------|
|                                                                      | Original           | Final           |                 |                                                         |
| <b>REVENUES</b>                                                      |                    |                 |                 |                                                         |
| Charges for Service                                                  | \$ 497,300         | \$ 563,670      | \$ 596,536      | \$ 32,866                                               |
| Total revenues                                                       | <u>497,300</u>     | <u>563,670</u>  | <u>596,536</u>  | <u>32,866</u>                                           |
| <b>EXPENDITURES</b>                                                  |                    |                 |                 |                                                         |
| Current                                                              |                    |                 |                 |                                                         |
| Culture and recreation                                               | <u>662,067</u>     | <u>654,673</u>  | <u>681,280</u>  | <u>(26,607)</u>                                         |
| Total expenditures                                                   | <u>662,067</u>     | <u>654,673</u>  | <u>681,280</u>  | <u>(26,607)</u>                                         |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>(164,767)</u>   | <u>(91,003)</u> | <u>(84,744)</u> | <u>6,259</u>                                            |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                    |                 |                 |                                                         |
| Transfers in                                                         | <u>165,000</u>     | <u>165,000</u>  | <u>167,083</u>  | <u>2,083</u>                                            |
| Total other financing sources (uses)                                 | <u>165,000</u>     | <u>165,000</u>  | <u>167,083</u>  | <u>2,083</u>                                            |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | 233                | 73,997          | 82,339          | 8,342                                                   |
| <b>FUND BALANCE, OCTOBER 1, 2021</b>                                 | <u>(25,469)</u>    | <u>(25,469)</u> | <u>(25,469)</u> | <u>-</u>                                                |
| <b>FUND BALANCE, SEPTEMBER 30, 2022</b>                              | <u>\$ (25,236)</u> | <u>48,528</u>   | <u>56,870</u>   | <u>\$ 8,342</u>                                         |

**CITY OF RICHLAND HILLS, TEXAS**  
**Debt Service Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended September 30, 2022**

|                                         | Budgeted Amounts  |                   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------------|-------------------|-------------------|-------------------|---------------------------------------------------------|
|                                         | Original          | Final             |                   |                                                         |
| <b>REVENUES</b>                         |                   |                   |                   |                                                         |
| Taxes:                                  |                   |                   |                   |                                                         |
| Property taxes                          | \$ 1,040,805      | \$ 1,026,085      | \$ 1,027,362      | \$ 1,277                                                |
| Investment earnings                     | -                 | 6,000             | 6,872             | 872                                                     |
| Total revenues                          | <u>1,040,805</u>  | <u>1,032,085</u>  | <u>1,034,234</u>  | <u>2,149</u>                                            |
| <b>EXPENDITURES</b>                     |                   |                   |                   |                                                         |
| Current                                 |                   |                   |                   |                                                         |
| General government                      | 5,000.00          | 5,000.00          | 6,040             | (1,040)                                                 |
| Debt service:                           |                   |                   |                   |                                                         |
| Principal                               | 435,500           | 435,500           | 435,500           | -                                                       |
| Interest and fiscal agent charges       | <u>475,263</u>    | <u>476,303</u>    | <u>475,263</u>    | <u>1,040</u>                                            |
| Total expenditures                      | <u>915,763</u>    | <u>916,803</u>    | <u>916,803</u>    | <u>0</u>                                                |
| <b>NET CHANGE IN FUND BALANCES</b>      | 125,042           | 115,282           | 117,431           | 2,149                                                   |
| <b>FUND BALANCE, OCTOBER 1, 2021</b>    | <u>441,480</u>    | <u>441,480</u>    | <u>441,480</u>    | <u>-</u>                                                |
| <b>FUND BALANCE, SEPTEMBER 30, 2022</b> | <u>\$ 566,522</u> | <u>\$ 556,762</u> | <u>\$ 558,911</u> | <u>\$ 2,149</u>                                         |

**CITY OF RICHLAND HILLS, TEXAS**  
**Road and Street Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended September 30, 2022**

|                                                                      | Budgeted Amounts    |                     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------------------------------------------|
|                                                                      | Original            | Final               |                     |                                                         |
| <b>REVENUES</b>                                                      |                     |                     |                     |                                                         |
| Taxes:                                                               |                     |                     |                     |                                                         |
| Sales                                                                | \$ 1,335,000        | \$ 1,609,084        | \$ 1,741,482        | \$ 132,398                                              |
| Intergovernmental revenue                                            |                     |                     | -                   | -                                                       |
| Total revenues                                                       | <u>1,335,000</u>    | <u>1,609,084</u>    | <u>1,741,482</u>    | <u>132,398</u>                                          |
| <b>EXPENDITURES</b>                                                  |                     |                     |                     |                                                         |
| Capital outlay                                                       | <u>2,050,000</u>    | <u>1,770,547</u>    | <u>1,859,875</u>    | <u>(89,328)</u>                                         |
| Total expenditures                                                   | <u>2,050,000</u>    | <u>1,770,547</u>    | <u>1,859,875</u>    | <u>(89,328)</u>                                         |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>(715,000)</u>    | <u>(161,463)</u>    | <u>(118,393)</u>    | <u>43,070</u>                                           |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                     |                     |                     |                                                         |
| Transfers in                                                         | <u>-</u>            | <u>251,480</u>      | <u>251,480</u>      | <u>-</u>                                                |
| Total other financing sources (uses)                                 | <u>-</u>            | <u>251,480</u>      | <u>251,480</u>      | <u>-</u>                                                |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | (715,000)           | 90,017              | 133,087             | 43,070                                                  |
| <b>FUND BALANCE, OCTOBER 1, 2021</b>                                 | <u>1,886,956</u>    | <u>1,886,956</u>    | <u>1,886,956</u>    | <u>-</u>                                                |
| <b>FUND BALANCE, SEPTEMBER 30, 2022</b>                              | <u>\$ 1,171,956</u> | <u>\$ 1,976,973</u> | <u>\$ 2,020,043</u> | <u>\$ 43,070</u>                                        |

**CITY OF RICHLAND HILLS, TEXAS**  
**Oil & Gas Lease Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended September 30, 2022**

|                                         | Budgeted Amounts  |                   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------------|-------------------|-------------------|-------------------|---------------------------------------------------------|
|                                         | Original          | Final             |                   |                                                         |
| <b>REVENUES</b>                         |                   |                   |                   |                                                         |
| Other revenue                           | \$ 35,000         | \$ 125,000        | \$ 308,117        | \$ 183,117                                              |
| Total revenues                          | <u>35,000</u>     | <u>125,000</u>    | <u>308,117</u>    | <u>183,117</u>                                          |
| <b>EXPENDITURES</b>                     |                   |                   |                   |                                                         |
| Capital outlay                          | 87,000            | 89,400            | 62,081            | 27,319                                                  |
| Total expenditures                      | <u>87,000</u>     | <u>89,400</u>     | <u>62,081</u>     | <u>27,319</u>                                           |
| <b>NET CHANGE IN FUND BALANCES</b>      | (52,000)          | 35,600            | 246,036           | 210,436                                                 |
| <b>FUND BALANCE, OCTOBER 1, 2021</b>    | <u>222,793</u>    | <u>222,793</u>    | <u>222,793</u>    | <u>-</u>                                                |
| <b>FUND BALANCE, SEPTEMBER 30, 2022</b> | <u>\$ 170,793</u> | <u>\$ 258,393</u> | <u>\$ 468,829</u> | <u>\$ 210,436</u>                                       |

**CITY OF RICHLAND HILLS, TEXAS**  
**Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended September 30, 2022**

|                                                                      | Budgeted Amounts |           | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------------------------------------------------|------------------|-----------|-----------|---------------------------------------------------------|
|                                                                      | Original         | Final     |           |                                                         |
| <b>REVENUES</b>                                                      |                  |           |           |                                                         |
| Intergovernmental revenue                                            | \$ -             | \$ 87,000 | \$ -      | (87,000)                                                |
| Total revenues                                                       | -                | 87,000    | -         | (87,000)                                                |
| <b>EXPENDITURES</b>                                                  |                  |           |           |                                                         |
| Current                                                              |                  |           |           |                                                         |
| Capital outlay                                                       | 967,336          | 227,001   | 212,032   | 14,969                                                  |
| Debt service:                                                        |                  |           |           |                                                         |
| Principal                                                            | 136,643          | 68,708    | 68,708    | 0                                                       |
| Interest and fiscal agent charges                                    | 21,668           | 23,603    | 23,603    | (0)                                                     |
| Total expenditures                                                   | 1,125,647        | 319,312   | 304,343   | 14,969                                                  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | (1,125,647)      | (232,312) | (304,343) | (72,031)                                                |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                  |           |           |                                                         |
| Transfers in                                                         | 888,311          | 192,311   | 246,396   | 54,085                                                  |
| Total other financing sources (uses)                                 | 888,311          | 192,311   | 246,396   | 54,085                                                  |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | (237,336)        | (40,001)  | (57,947)  | (17,946)                                                |
| <b>FUND BALANCE, OCTOBER 1, 2021</b>                                 | 353,812          | 353,812   | 353,812   | -                                                       |
| <b>FUND BALANCE, SEPTEMBER 30, 2022</b>                              | \$ 116,476       | 313,811   | 295,865   | (17,946)                                                |

**CITY OF RICHLAND HILLS, TEXAS**  
**Baker Boulevard Projects**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended September 30, 2022**

|                                                                      | Budgeted Amounts    |                   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------------------------------------------------|---------------------|-------------------|-------------------|---------------------------------------------------------|
|                                                                      | Original            | Final             |                   |                                                         |
| <b>REVENUES</b>                                                      |                     |                   |                   |                                                         |
| Taxes:                                                               |                     |                   |                   |                                                         |
| Property taxes                                                       | \$ 183,826          | \$ 175,574        | \$ 175,574        | \$ -                                                    |
| Sales                                                                | 75,000              | 75,000            | 72,655            | (2,345)                                                 |
| Total revenues                                                       | <u>258,826</u>      | <u>250,574</u>    | <u>248,229</u>    | <u>(2,345)</u>                                          |
| <b>EXPENDITURES</b>                                                  |                     |                   |                   |                                                         |
| Current                                                              |                     |                   |                   |                                                         |
| Capital outlay                                                       | 80,000              | 84,980            | 87,396            | (2,416)                                                 |
| Total expenditures                                                   | <u>80,000</u>       | <u>84,980</u>     | <u>87,396</u>     | <u>(2,416)</u>                                          |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>178,826</u>      | <u>165,594</u>    | <u>160,833</u>    | <u>(4,761)</u>                                          |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                     |                   |                   |                                                         |
| Transfers out                                                        | -                   | (92,477)          | (98,574)          | (6,097)                                                 |
| Total other financing sources (uses)                                 | <u>-</u>            | <u>(92,477)</u>   | <u>(98,574)</u>   | <u>(6,097)</u>                                          |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | 178,826             | 73,117            | 62,259            | (10,858)                                                |
| <b>FUND BALANCE, OCTOBER 1, 2021</b>                                 | <u>882,808</u>      | <u>882,808</u>    | <u>882,808</u>    | <u>-</u>                                                |
| <b>FUND BALANCE, SEPTEMBER 30, 2022</b>                              | <u>\$ 1,061,634</u> | <u>\$ 955,925</u> | <u>\$ 945,067</u> | <u>\$ (10,858)</u>                                      |

**CITY OF RICHLAND HILLS, TEXAS**  
**Vehicle Replacement**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended September 30, 2022**

|                                                                      | Budgeted Amounts |           | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------------------------------------------------|------------------|-----------|-----------|---------------------------------------------------------|
|                                                                      | Original         | Final     |           |                                                         |
| <b>REVENUES</b>                                                      |                  |           |           |                                                         |
| Taxes:                                                               |                  |           |           |                                                         |
| Property taxes                                                       | \$ -             | \$ -      | \$ -      | \$ -                                                    |
| Sales                                                                | -                | -         | -         | -                                                       |
| Total revenues                                                       | -                | -         | -         | -                                                       |
| <b>EXPENDITURES</b>                                                  |                  |           |           |                                                         |
| Current                                                              |                  |           |           |                                                         |
| Capital outlay                                                       | 222,745          | 165,787   | 291,564   | (125,777)                                               |
| Debt service:                                                        |                  |           |           |                                                         |
| Principal                                                            |                  |           | 7,745     | (7,745)                                                 |
| Interest and fiscal agent charges                                    |                  |           | 1,707     | (1,707)                                                 |
| Total expenditures                                                   | 222,745          | 165,787   | 301,016   | (135,229)                                               |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | (222,745)        | (165,787) | (301,016) | (135,229)                                               |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                  |           |           |                                                         |
| Insurance recoveries                                                 | -                | -         | 18,708    | 18,708                                                  |
| Proceeds from sale of capital assets                                 | 182,899          | 175,000   | 23,915    | (151,085)                                               |
| Lease financing                                                      | -                | -         | 163,159   | 163,159                                                 |
| Transfers in                                                         | 16,860           | 16,860    | 64,179    | 47,319                                                  |
| Total other financing sources (uses)                                 | 199,759          | 191,860   | 269,961   | 78,101                                                  |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | (22,986)         | 26,073    | (31,055)  | (57,128)                                                |
| <b>FUND BALANCE, OCTOBER 1, 2021</b>                                 | 33,539           | 33,539    | 33,539    | -                                                       |
| <b>FUND BALANCE, SEPTEMBER 30, 2022</b>                              | \$ 10,553        | \$ 59,612 | \$ 2,484  | \$ (57,128)                                             |

**STATISTICAL DATA**  
**(Unaudited)**

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**CITY OF RICHLAND HILLS, TEXAS**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**STATISTICAL SECTION INDEX**  
**(Unaudited)**

This part of the City of Richland Hills' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

**TABLES**

**FINANCIAL TRENDS**

1-4

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

**REVENUE CAPACITY**

5-10

These schedules contain information to help the reader assess the government's most significant local revenue sources, property and sales tax.

**DEBT CAPACITY**

11-15

These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.

**DEMOGRAPHIC AND ECONOMIC INFORMATION**

16-17

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

**OPERATING INFORMATION**

18-20

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

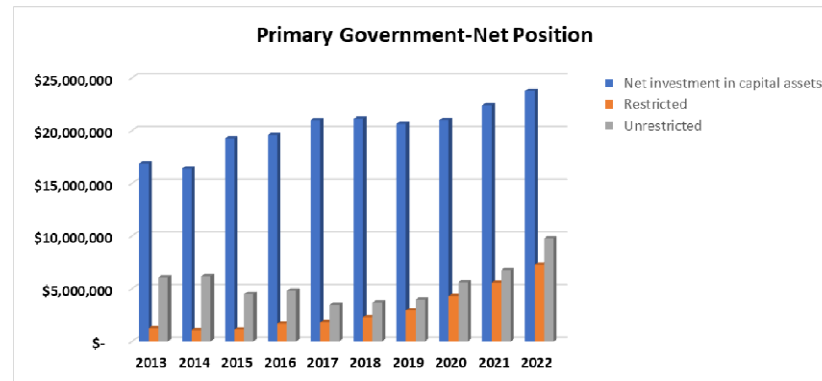
Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports of the relevant year.

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**CITY OF RICHLAND HILLS, TEXAS**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
 (accrual basis of accounting)  
 (Unaudited)

**TABLE 1**

|                                                  | 2013                 | 2014                 | 2015                 | 2016                 | 2017                | 2018                | 2019                | 2020                | 2021                | 2022                |
|--------------------------------------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Governmental activities:</b>                  |                      |                      |                      |                      |                     |                     |                     |                     |                     |                     |
| Net investment in capital assets                 | \$ 9,777,284         | \$ 10,136,996        | \$ 10,450,781        | \$ 10,653,314        | \$11,342,503        | \$10,617,667        | \$9,925,810         | \$9,928,481         | \$ 11,386,772       | \$ 12,326,976       |
| Restricted                                       | 1,245,956            | 1,069,428            | 1,127,400            | 1,692,036            | 1,812,889           | 2,298,796           | 2,946,115           | 4,304,087           | 5,564,111           | 7,250,766           |
| Unrestricted                                     | 2,240,995            | 3,410,142            | 2,205,841            | 2,791,787            | 1,415,184           | 1,708,787           | 1,718,246           | 2,675,729           | 2,976,618           | 4,677,925           |
| Total governmental activities net position       | <u>\$ 13,264,235</u> | <u>\$ 14,616,566</u> | <u>\$ 13,784,022</u> | <u>\$ 15,137,137</u> | <u>\$14,570,576</u> | <u>\$14,625,250</u> | <u>\$14,590,171</u> | <u>\$16,908,297</u> | <u>\$19,927,501</u> | <u>\$24,255,667</u> |
| <b>Business-type activities:</b>                 |                      |                      |                      |                      |                     |                     |                     |                     |                     |                     |
| Net investment in capital assets                 | \$ 7,096,222         | \$ 6,254,783         | \$ 8,788,016         | \$ 8,921,383         | \$9,637,000         | \$10,501,116        | \$10,728,810        | \$11,062,511        | \$ 11,014,660       | \$ 11,460,920       |
| Restricted                                       | -                    | -                    | -                    | -                    | -                   | -                   | -                   | -                   | -                   | -                   |
| Unrestricted                                     | 3,811,452            | 2,770,715            | 2,284,595            | 2,010,464            | 2,053,701           | 1,968,931           | 2,230,173           | 2,928,819           | 3,770,165           | 5,050,526           |
| Total business-type activities net position      | <u>\$ 10,907,674</u> | <u>\$ 9,025,498</u>  | <u>\$ 11,072,611</u> | <u>\$ 10,931,847</u> | <u>\$11,690,701</u> | <u>\$12,470,047</u> | <u>\$12,958,983</u> | <u>\$13,991,330</u> | <u>\$14,784,825</u> | <u>\$16,511,446</u> |
| <b>Primary government:</b>                       |                      |                      |                      |                      |                     |                     |                     |                     |                     |                     |
| Net investment in capital assets                 | \$ 16,873,506        | \$ 16,391,779        | \$ 19,238,797        | \$ 19,574,697        | \$20,979,503        | \$21,118,783        | \$20,654,620        | \$20,990,992        | \$ 22,401,432.0     | \$ 23,787,896       |
| Restricted                                       | 1,245,956            | 1,069,428            | 1,127,400            | 1,692,036            | 1,812,889           | 2,298,796           | 2,946,115           | 4,304,087           | 5,564,111           | 7,250,766           |
| Unrestricted                                     | 6,052,447            | 6,180,857            | 4,490,436            | 4,802,251            | 3,468,885           | 3,677,718           | 3,948,419           | 5,604,548           | 6,746,783           | 9,728,451           |
| Total primary government activities net position | <u>\$ 24,171,909</u> | <u>\$ 23,642,064</u> | <u>\$ 24,856,633</u> | <u>\$ 26,068,984</u> | <u>\$26,261,277</u> | <u>\$27,095,297</u> | <u>\$27,549,154</u> | <u>\$30,899,627</u> | <u>\$34,712,326</u> | <u>\$40,767,113</u> |



**CITY OF RICHLAND HILLS, TEXAS**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
(accrual basis of accounting)  
(Unaudited)

|                                                           | <b>Fiscal Year</b>    |                       |                       |                       |
|-----------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                           | <b>2013</b>           | <b>2014</b>           | <b>2015</b>           | <b>2016</b>           |
| <b>EXPENSES</b>                                           |                       |                       |                       |                       |
| Governmental activities:                                  |                       |                       |                       |                       |
| General government                                        | \$ 654,916            | \$ 1,241,332          | \$ 1,182,618          | \$ 1,297,325          |
| Public safety                                             | 4,977,046             | 5,023,432             | 4,898,102             | 5,250,251             |
| Public works                                              | 716,031               | 641,584               | 695,387               | 743,555               |
| Culture and recreation                                    | 435,470               | 422,537               | 413,433               | 445,559               |
| Parks and beautification                                  | 15,628                | 88,408                | 74,723                | 45,555                |
| Community development                                     | 757,894               | 769,346               | 787,272               | 527,634               |
| Economic development                                      | -                     | -                     | -                     | 184,833               |
| Interest and fiscal agent charges                         | 70,283                | 36,102                | 33,408                | 272,493               |
| Bond issuance costs                                       | -                     | -                     | -                     | 269,037               |
| Total governmental activities expenses                    | <u>7,627,268</u>      | <u>8,222,741</u>      | <u>8,084,943</u>      | <u>9,036,242</u>      |
| Business-type activities:                                 |                       |                       |                       |                       |
| Water and wastewater                                      | 3,183,727             | 5,183,820             | 3,801,600             | 3,939,736             |
| Drainage utility                                          | 548,407               | 2,493,216             | 399,214               | 609,757               |
| Total business-type activities expenses                   | <u>3,732,134</u>      | <u>7,677,036</u>      | <u>4,200,814</u>      | <u>4,549,493</u>      |
| Total primary government expenses                         | <u>\$ 11,359,402</u>  | <u>\$ 15,899,777</u>  | <u>\$ 12,285,757</u>  | <u>\$ 13,585,735</u>  |
| <b>PROGRAM REVENUES</b>                                   |                       |                       |                       |                       |
| Governmental activities:                                  |                       |                       |                       |                       |
| Charges for services                                      | \$ 1,281,205          | \$ 1,223,032          | \$ 1,115,626          | \$ 1,400,803          |
| Operating grants and contributions                        | 382,669               | 332,703               | 324,176               | 212,901               |
| Capital grants and contributions                          | 1,885,625             | 173,007               | 298,227               | 364,313               |
| Total governmental activities program revenues            | <u>3,549,499</u>      | <u>1,728,742</u>      | <u>1,738,029</u>      | <u>1,978,017</u>      |
| Business-type activities                                  |                       |                       |                       |                       |
| Charges for services                                      | 4,933,914             | 4,697,772             | 4,698,246             | 4,916,055             |
| Capital grants and contributions                          | -                     | -                     | -                     | -                     |
| Total business-type activities program revenues           | <u>4,933,914</u>      | <u>4,697,772</u>      | <u>4,698,246</u>      | <u>4,916,055</u>      |
| Total primary government program revenues                 | <u>\$ 8,483,413</u>   | <u>\$ 6,426,514</u>   | <u>\$ 6,436,275</u>   | <u>\$ 6,894,072</u>   |
| <b>NET (EXPENSE) REVENUE</b>                              |                       |                       |                       |                       |
| Governmental activities                                   | \$ (4,077,769)        | \$ (6,493,999)        | \$ (6,346,914)        | \$ (7,058,225)        |
| Business-type activities                                  | 1,201,780             | (2,979,264)           | 497,432               | 366,562               |
| Total primary government net expense                      | <u>\$ (2,875,989)</u> | <u>\$ (9,473,263)</u> | <u>\$ (5,849,482)</u> | <u>\$ (6,691,663)</u> |
| <b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b> |                       |                       |                       |                       |
| Governmental activities:                                  |                       |                       |                       |                       |
| Taxes                                                     |                       |                       |                       |                       |
| Property                                                  | \$ 2,174,946          | \$ 2,309,156          | \$ 2,324,952          | \$ 2,364,093          |
| Sales                                                     | 2,743,469             | 3,852,303             | 4,023,815             | 4,471,407             |
| Franchise                                                 | 471,759               | 602,352               | 590,583               | 599,094               |
| Hotel occupancy                                           | 194,967               | 210,250               | 210,250               | 232,946               |
| Investment earnings                                       | 2,076                 | 1,078                 | 9,701                 | 2,992                 |
| Miscellaneous                                             | 8,513                 | 8,777                 | 8,777                 | 232,653               |
| Gain (loss) on retirement of capital assets               | 28,678                | (269,203)             | 6,452                 | -                     |
| Transfers in (out)                                        | (57,091)              | 413,985               | 413,985               | 508,155               |
| Total governmental activities                             | <u>5,567,317</u>      | <u>7,128,698</u>      | <u>7,588,515</u>      | <u>8,411,340</u>      |
| Business-type activities:                                 |                       |                       |                       |                       |
| Investment earnings                                       | 4,141                 | 1,529                 | 1,542                 | 829                   |
| Miscellaneous                                             | 6,233                 | 10,397                | 10,397                | -                     |
| Transfers in (out)                                        | 57,091                | (413,983)             | (413,985)             | (508,155)             |
| Total business-type activities                            | <u>67,465</u>         | <u>(402,057)</u>      | <u>(402,046)</u>      | <u>(507,326)</u>      |
| Total primary government                                  | <u>\$ 5,634,782</u>   | <u>\$ 6,726,641</u>   | <u>\$ 7,186,469</u>   | <u>\$ 7,904,014</u>   |
| <b>Change in Net Position</b>                             |                       |                       |                       |                       |
| Governmental activities                                   | \$ 1,489,548          | \$ 634,699            | \$ 1,241,601          | \$ 1,353,115          |
| Business-type activities                                  | 1,269,245             | (3,381,321)           | 95,386                | (140,764)             |
| Total primary government                                  | <u>\$ 2,758,793</u>   | <u>\$ (2,746,622)</u> | <u>\$ 1,336,987</u>   | <u>\$ 1,212,351</u>   |

(Continued)

TABLE 2

| Fiscal Year    |                |                 |                |                |                 |
|----------------|----------------|-----------------|----------------|----------------|-----------------|
| 2017           | 2018           | 2019            | 2020           | 2021           | 2022            |
| \$ 2,070,959   | \$ 1,735,244   | \$ 1,802,970    | \$ 1,305,958   | 1,433,218      | 1,380,007       |
| 5,377,655      | 5,710,989      | 6,030,013       | 5,895,176      | 5,660,499      | 6,086,145       |
| 682,106        | 664,835        | 929,775         | 690,123        | 801,562        | 838,964         |
| 1,445,683      | 1,366,158      | 1,585,385       | 1,362,787      | 1,387,144      | 1,588,342       |
| 565,333        | 567,625        | 660,430         | 644,340        | 737,938        | 684,518         |
| 387,387        | 476,545        | 282,211         | 472,435        | 411,596        | 409,804         |
| 113,213        | 127,644        | 202,730         | 268,713        | 165,116        | 283,064         |
| 422,212        | 427,832        | 447,445         | 585,288        | 561,806        | 551,242         |
| -              | 5,852          | 203,390         | -              | -              | -               |
| 11,064,548     | 11,082,724     | 12,144,349      | 11,224,820     | 11,158,879     | 11,822,086      |
| 3,574,827      | 3,463,115      | 4,163,091       | 3,563,124      | 4,394,454      | 4,032,448       |
| 604,158        | 686,287        | 663,439         | 584,961        | 675,847        | 537,734         |
| 4,178,985      | 4,149,402      | 4,826,530       | 4,148,085      | 5,070,301      | 4,570,182       |
| \$ 15,243,533  | \$ 15,232,126  | \$ 16,970,879   | \$ 15,372,905  | \$ 16,229,180  | \$ 16,392,268   |
| \$ 1,481,181   | \$ 1,775,163   | \$ 1,711,007    | \$ 1,509,317   | \$ 1,208,191   | \$ 1,449,304    |
| 225,025        | 196,804        | 29,361          | 368,625        | 131,684        | 38,952          |
| 4,148          | 39,582         | 205,260         | 118,210        | 854,411        | -               |
| 1,710,354      | 2,011,549      | 1,945,628       | 1,996,152      | 2,194,286      | 1,488,256       |
| 5,058,451      | 5,144,552      | 5,142,527       | 5,167,724      | 5,863,089      | 6,127,284       |
| 173,079        | 9,585          | 145,000         | -              | -              | 202,578         |
| 5,231,530      | 5,154,137      | 5,287,527       | 5,167,724      | 5,863,089      | 6,329,862       |
| \$ 6,941,884   | \$ 7,165,686   | \$ 7,233,155    | \$ 7,163,876   | \$ 8,057,375   | \$ 7,818,118    |
| \$ (9,354,194) | \$ (9,071,175) | \$ (10,198,721) | \$ (9,228,668) | \$ (8,964,593) | \$ (10,333,830) |
| 1,052,545      | 1,004,735      | 460,997         | 1,019,639      | 792,788        | 1,759,680       |
| \$ (8,301,649) | \$ (8,066,440) | \$ (9,737,724)  | \$ (8,209,029) | \$ (8,171,805) | \$ (8,574,150)  |
| \$ 2,839,255   | \$ 2,972,668   | \$ 3,199,055    | \$ 3,707,148   | \$ 3,762,747   | \$ 3,991,037    |
| 4,735,759      | 5,081,993      | 5,851,598       | 6,906,449      | 7,370,537      | 9,283,031       |
| 512,109        | 560,282        | 650,388         | 547,312        | 516,814        | 569,457         |
| 226,677        | 231,045        | 200,577         | 85,603         | 155,154        | 214,587         |
| 16,669         | 33,085         | 46,896          | 73,895         | 2,763          | 15,723          |
| 97,487         | 149,513        | 166,686         | 226,387        | 170,411        | 452,516         |
| 61,519         | 106,522        | 48,442          | -              | 5,371          | -               |
| 298,158        | 210,192        | -               | -              | -              | 135,645.00      |
| 8,787,633      | 9,345,300      | 10,163,642      | 11,546,794     | 11,983,797     | 14,661,996      |
| 4,467          | 12,704         | 27,939          | 12,708         | 707            | 16,756          |
| -              | -              | -               | -              | -              | 85,830          |
| (298,158)      | (210,192)      | -               | -              | -              | (135,645)       |
| (293,691)      | (197,488)      | 27,939          | 12,708         | 707            | (33,059)        |
| \$ 8,493,942   | \$ 9,147,812   | \$ 10,191,581   | \$ 11,559,502  | \$ 11,984,504  | \$ 14,628,937   |
| \$ (566,561)   | \$ 274,125     | \$ (35,079)     | \$ 2,318,126   | \$ 3,019,204   | \$ 4,328,166    |
| 758,854        | 807,247        | 488,936         | 1,032,347      | 793,495        | 1,726,621       |
| \$ 192,293     | \$ 1,081,372   | \$ 453,857      | \$ 3,350,473   | \$ 3,812,699   | \$ 6,054,787    |

(Concluded)

**CITY OF RICHLAND HILLS, TEXAS**  
**FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)  
(Unaudited)

|                                     | <b>Fiscal Year</b>  |                     |                     |                      |                     |
|-------------------------------------|---------------------|---------------------|---------------------|----------------------|---------------------|
|                                     | <b>2013</b>         | <b>2014</b>         | <b>2015</b>         | <b>2016</b>          | <b>2017</b>         |
| <b>General Fund</b>                 |                     |                     |                     |                      |                     |
| Nonspendable                        | \$ 432,896          | \$ 487,319          | \$ -                | \$ 46,221            | \$ 1,813            |
| Restricted                          | -                   | -                   | -                   | 57,661               | 59,086              |
| Committed                           | -                   | -                   | -                   | -                    | -                   |
| Assigned                            | -                   | -                   | -                   | -                    | -                   |
| Unassigned                          | 1,549,578           | 2,384,982           | 3,031,436           | 3,883,656            | 2,630,467           |
| Total general fund                  | <u>\$ 1,982,474</u> | <u>\$ 2,872,301</u> | <u>\$ 3,031,436</u> | <u>\$ 3,987,538</u>  | <u>\$ 2,691,366</u> |
| <b>All Other Governmental Funds</b> |                     |                     |                     |                      |                     |
| Restricted                          | \$ 1,411,511        | \$ 1,511,691        | \$ 1,513,668        | \$ 11,552,448        | \$ 2,347,740        |
| Assigned                            | 23,425              | 23,425              | 23,425              | 40,711               | 2,711               |
| Unassigned                          | (40,487)            | (367,364)           | (216,619)           | (91,145)             | -                   |
| Total all other governmental funds  | <u>\$ 1,394,449</u> | <u>\$ 1,167,752</u> | <u>\$ 1,320,474</u> | <u>\$ 11,502,014</u> | <u>\$ 2,350,451</u> |

(Continued)

TABLE 3

| Fiscal Year         |                     |                      |                     |                     |
|---------------------|---------------------|----------------------|---------------------|---------------------|
| 2018                | 2019                | 2020                 | 2021                | 2022                |
| \$ 63,242           | \$ 22,013           | \$ 49,732            | \$ 48,023           | \$ 65,694           |
| 64,622              | 94,408              | 100,793              | 81,349              | -                   |
| -                   | -                   | -                    | -                   | -                   |
| -                   | -                   | -                    | -                   | -                   |
| 2,827,940           | 2,849,792           | 3,912,570            | 4,303,759           | 5,486,407           |
| <u>\$ 2,955,804</u> | <u>\$ 2,966,213</u> | <u>\$ 4,063,095</u>  | <u>\$ 4,433,131</u> | <u>\$ 5,552,101</u> |
|                     |                     |                      |                     |                     |
| \$ 2,395,212        | \$ 9,549,679        | \$ 10,166,690        | \$ 6,060,835        | \$ 7,352,890        |
| 2,711               | 216,947             | 270,108              | 33,539              | 7,374               |
| -                   | -                   | -                    | (31,566)            | -                   |
| <u>\$ 2,397,923</u> | <u>\$ 9,766,626</u> | <u>\$ 10,436,798</u> | <u>\$ 6,062,808</u> | <u>\$ 7,360,264</u> |
| (concluded)         |                     |                      |                     |                     |

**CITY OF RICHLAND HILLS, TEXAS**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)  
(Unaudited)

|                                                                      | <b>Fiscal Year</b>  |                   |                   |                      |
|----------------------------------------------------------------------|---------------------|-------------------|-------------------|----------------------|
|                                                                      | <b>2013</b>         | <b>2014</b>       | <b>2015</b>       | <b>2016</b>          |
| <b>REVENUES</b>                                                      |                     |                   |                   |                      |
| Taxes                                                                | \$ 5,634,403        | \$ 6,959,860      | \$ 7,131,372      | \$ 7,715,290         |
| Fines and forfeitures                                                | 901,659             | 775,521           | 775,521           | 953,662              |
| Licenses and permits                                                 | 99,370              | 131,148           | 131,148           | 155,834              |
| Charges for service                                                  | 279,873             | 260,172           | 260,172           | 316,544              |
| Intergovernmental                                                    | 1,989,549           | 309,768           | 485,486           | 280,429              |
| Investment earnings                                                  | 2,076               | 1,078             | 1,078             | 2,992                |
| Miscellaneous                                                        | 287,258             | 204,719           | 145,694           | 233,745              |
| Total revenues                                                       | 9,194,188           | 8,642,266         | 8,930,471         | 9,658,496            |
| <b>EXPENDITURES</b>                                                  |                     |                   |                   |                      |
| Current operations:                                                  |                     |                   |                   |                      |
| General government                                                   | 610,000             | 1,181,854         | 1,181,854         | 1,288,242            |
| Public safety                                                        | 4,677,900           | 4,788,070         | 4,789,942         | 4,948,279            |
| Public works                                                         | 394,109             | 252,849           | 252,849           | 292,570              |
| Culture and recreation                                               | 389,945             | 378,424           | 378,425           | 403,527              |
| Parks and beautification                                             | 8,110               | 81,620            | 81,620            | 45,555               |
| Community development                                                | 753,020             | 769,346           | 769,346           | 438,384              |
| Economic development                                                 | -                   | -                 | -                 | 184,833              |
| Capital outlay                                                       | 2,853,936           | 921,268           | 895,743           | 4,917,553            |
| Debt service:                                                        |                     |                   |                   |                      |
| Principal                                                            | 308,000             | 330,000           | 330,000           | 355,451              |
| Interest and fiscal agent charges                                    | 81,240              | 36,404            | 36,404            | 24,799               |
| Bond issuance costs                                                  | -                   | -                 | -                 | 269,037              |
| Total expenditures                                                   | 10,076,260          | 8,739,835         | 8,716,183         | 13,168,230           |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <b>(882,072)</b>    | <b>(97,569)</b>   | <b>214,288</b>    | <b>(3,509,734)</b>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                     |                   |                   |                      |
| Proceeds from sale of capital assets                                 | 37,442              | -                 | 6,452             | 40,711               |
| Proceeds from capital lease                                          | -                   | -                 | -                 | -                    |
| Proceeds of bond issuance                                            | 415,000             | -                 | -                 | 13,475,000           |
| Financed Purchases                                                   |                     |                   |                   |                      |
| Lease Financing                                                      |                     |                   |                   |                      |
| Refund on existing debt                                              | -                   | -                 | -                 | -                    |
| Bond issuance premium                                                | -                   | -                 | -                 | 623,510              |
| Proceeds from insurance recovery                                     | -                   | -                 | -                 | -                    |
| Transfers in                                                         | 146,707             | 705,559           | 705,560           | 942,848              |
| Transfers out                                                        | (203,798)           | (291,574)         | (291,575)         | (434,693)            |
| Total other financing sources (uses)                                 | 395,351             | 413,985           | 420,437           | 14,647,376           |
| <b>Net change in fund balances</b>                                   | <b>\$ (486,721)</b> | <b>\$ 316,416</b> | <b>\$ 634,725</b> | <b>\$ 11,137,642</b> |
| <b>Debt service as a percentage of<br/>non-capital expenditures</b>  | <b>5.39%</b>        | <b>4.69%</b>      | <b>4.69%</b>      | <b>4.61%</b>         |

(Continued)

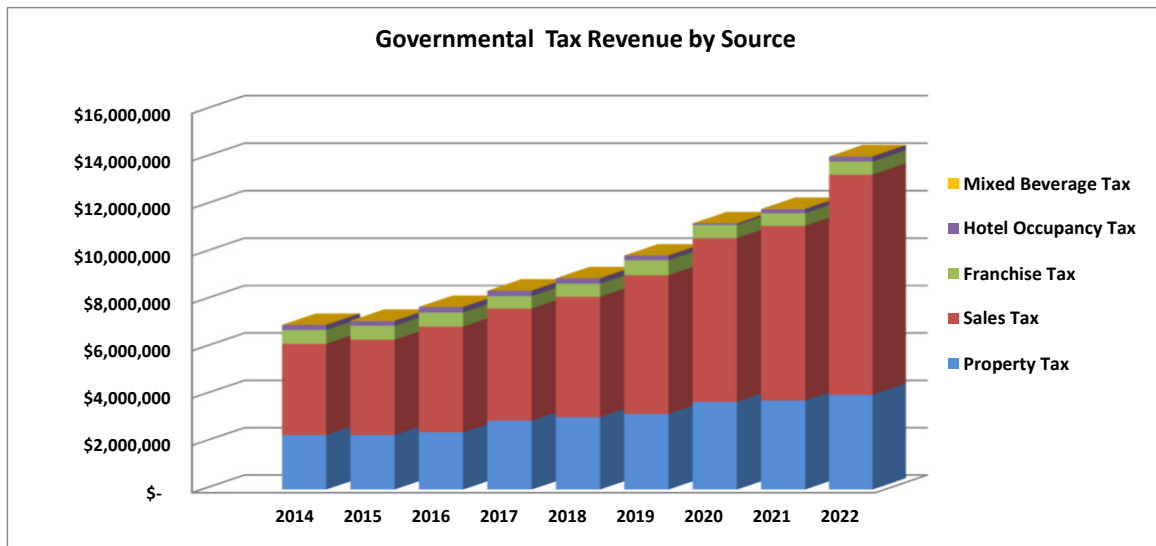
TABLE 4

| Fiscal Year     |              |              |               |                |               |
|-----------------|--------------|--------------|---------------|----------------|---------------|
| 2017            | 2018         | 2019         | 2020          | 2021           | 2022          |
| \$ 8,400,231    | \$ 8,923,509 | \$ 9,883,901 | \$ 11,261,193 | \$ 11,841,892  | \$ 14,052,969 |
| 784,004         | 755,599      | 747,816      | 421,680       | 293,125        | 308,753       |
| 168,640         | 138,751      | 168,765      | 383,038       | 186,174        | 177,429       |
| 407,685         | 687,291      | 694,494      | 713,931       | 665,780        | 893,388       |
| 428,826         | 212,493      | 209,449      | 456,161       | 955,460        | 4,899         |
| 16,669          | 33,085       | 46,896       | 73,895        | 2,763          | 15,723        |
| 121,224         | 173,406      | 191,858      | 193,276       | 246,679        | 523,191       |
| 10,327,279      | 10,924,134   | 11,943,179   | 13,503,174    | 14,191,873     | 15,976,352    |
| 2,102,399       | 1,693,517    | 1,720,769    | 1,260,799     | 1,395,739      | 1,405,943     |
| 4,955,726       | 5,415,041    | 5,355,003    | 5,317,932     | 5,461,574      | 5,716,721     |
| 173,764         | 185,479      | 240,479      | 158,080       | 231,511        | 181,835       |
| 726,122         | 1,041,613    | 1,076,150    | 1,055,758     | 1,135,135      | 1,378,658     |
| 134,826         | 125,182      | 216,351      | 177,500       | 146,179        | 174,659       |
| 381,325         | 481,077      | 275,784      | 461,423       | 415,953        | 415,999       |
| 113,213         | 127,644      | 202,730      | 268,713       | 165,116        | 281,478       |
| 11,855,499      | 953,090      | 1,359,363    | 2,416,463     | 7,866,272      | 3,301,913     |
| 254,729         | 405,610      | 402,540      | 694,054       | 721,871        | 706,953       |
| 669,467         | 471,912      | 464,340      | 668,016       | 661,848        | 637,049       |
| -               | 5,852        | 203,390      | -             | -              | -             |
| 21,367,070      | 10,906,017   | 11,516,899   | 12,478,738    | 18,201,198     | 14,201,208    |
| (11,039,791)    | 18,117       | 426,280      | 1,024,436     | (4,009,325)    | 1,775,144     |
| 61,519          | 77,295       | 48,442       | 22,885        | 5,371          | 23,915        |
| 232,379         | -            | -            | 719,733       |                |               |
| -               | 228,750      | 6,340,000    | -             |                | 299,855       |
|                 |              |              |               |                | 163,159       |
| -               | (222,444)    | -            | -             |                |               |
| -               | -            | 564,390      | -             |                |               |
| -               | -            | -            | -             |                | 18,708        |
| 2,498,158       | 2,061,600    | 610,959      | 291,844       | 978,623        | 965,250       |
| (2,200,000)     | (1,851,408)  | (610,959)    | (291,844)     | (978,623)      | (829,605)     |
| 592,056         | 293,793      | 6,952,832    | 742,618       | 5,371          | 641,282       |
| \$ (10,447,735) | \$ 311,910   | \$ 7,379,112 | \$ 1,767,054  | \$ (4,003,954) | \$ 2,416,426  |
| 9.36%           | 8.79%        | 8.21%        | 13.53%        | 13.39%         | 12.08%        |
|                 |              |              |               |                | (concluded)   |

**CITY OF RICHLAND HILLS, TEXAS**  
**GOVERNMENTAL FUNDS**  
**TAX REVENUE BY SOURCE**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)  
(Unaudited)

**TABLE 5**

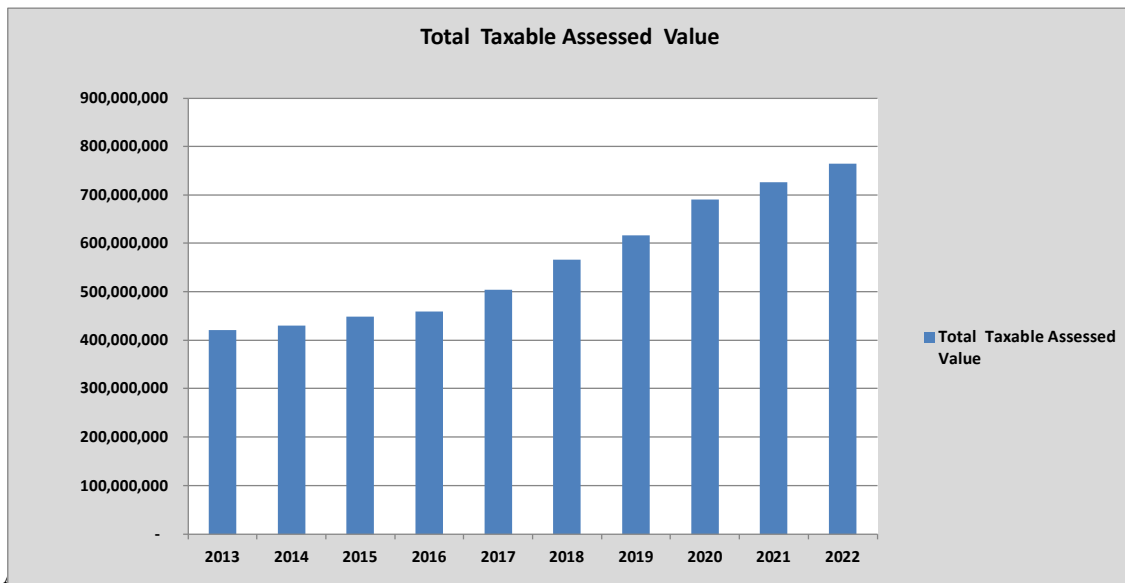
| <b>Fiscal Year</b> | <b>Property Tax</b> | <b>Sales Tax</b> | <b>Mixed Beverage Tax</b> | <b>Franchise Tax</b> | <b>Hotel Occupancy Tax</b> | <b>Total Tax Revenue</b> |
|--------------------|---------------------|------------------|---------------------------|----------------------|----------------------------|--------------------------|
| 2013               | 2,187,394           | 2,741,969        | 1,500                     | 508,573              | 194,967                    | 5,634,403                |
| 2014               | 2,306,724           | 3,850,729        | 1,574                     | 590,583              | 210,250                    | 6,959,860                |
| 2015               | 2,306,724           | 4,021,746        | 2,069                     | 590,583              | 210,250                    | 7,131,372                |
| 2016               | 2,416,008           | 4,469,203        | 2,204                     | 594,929              | 232,946                    | 7,715,290                |
| 2017               | 2,909,940           | 4,733,430        | 2,329                     | 527,855              | 226,677                    | 8,400,231                |
| 2018               | 3,061,504           | 5,080,421        | 1,572                     | 548,966              | 231,045                    | 8,923,508                |
| 2019               | 3,198,614           | 5,849,484        | 2,114                     | 633,112              | 200,577                    | 9,883,901                |
| 2020               | 3,707,148           | 6,906,449        | 1,640                     | 547,312              | 73,895                     | 11,236,444               |
| 2021               | 3,760,884           | 7,367,612        | 2,925                     | 533,360              | 177,111                    | 11,841,892               |
| 2022               | 4,006,019           | 9,280,247        | 2,784                     | 549,332              | 214,587                    | 14,052,969               |



**CITY OF RICHLAND HILLS, TEXAS**  
**ASSESSED AND ESTIMATED ACTUAL**  
**VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**  
(Unaudited)

**TABLE 6**

| Fiscal Year | Assessed Property Value |                     |                     |                |                   | Less: Tax-Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Value | Taxable Assessed Value as a Percentage of Actual Taxable Value |
|-------------|-------------------------|---------------------|---------------------|----------------|-------------------|---------------------------|------------------------------|-----------------------|--------------------------------|----------------------------------------------------------------|
|             | Residential Property    | Commercial Property | Industrial Property | Other Property | Personal Property |                           |                              |                       |                                |                                                                |
| 2013        | 233,751,444             | 132,749,662         | 11,100,542          | 4,133,920      | 78,054,664        | 39,336,819                | 420,453,413                  | 0.528094              | 420,453,413                    | 100.0%                                                         |
| 2014        | 244,644,818             | 133,773,931         | 11,034,455          | 5,204,810      | 83,241,474        | 47,763,360                | 430,136,128                  | 0.528094              | 430,136,128                    | 100.0%                                                         |
| 2015        | 249,818,804             | 140,619,127         | 10,954,105          | 8,567,090      | 88,156,960        | 49,823,877                | 448,292,209                  | 0.528094              | 448,292,209                    | 100.0%                                                         |
| 2016        | 252,248,877             | 148,470,367         | 10,935,105          | 6,433,902      | 89,767,063        | 48,639,210                | 459,216,104                  | 0.528805              | 459,216,104                    | 100.0%                                                         |
| 2017        | 283,204,384             | 164,847,074         | 13,090,988          | 497,316        | 94,503,549        | 51,585,738                | 504,557,573                  | 0.595633              | 504,557,573                    | 100.0%                                                         |
| 2018        | 317,868,306             | 199,515,427         | 14,298,894          | 111,002        | 101,993,372       | 67,615,182                | 566,171,819                  | 0.563738              | 566,171,819                    | 100.0%                                                         |
| 2019        | 352,011,740             | 208,140,145         | 15,195,814          | 341,130        | 108,277,963       | 67,797,937                | 616,168,855                  | 0.541880              | 616,168,855                    | 100.0%                                                         |
| 2020        | 394,094,551             | 231,526,855         | 20,884,453          | 1,805,720      | 109,575,049       | 67,301,522                | 690,585,106                  | 0.558551              | 690,585,106                    | 100.0%                                                         |
| 2021        | 423,423,768             | 239,006,207         | 19,145,422          | 1,052,000      | 111,532,031       | 67,882,417                | 726,277,011                  | 0.558551              | 726,277,011                    | 100.0%                                                         |
| 2022        | 464,667,753             | 236,648,205         | 19,514,353          | 1,091,238      | 109,451,688       | 67,834,625                | 763,538,612                  | 0.558551              | 763,538,612                    | 100.0%                                                         |



Source: Tarrant Appraisal District

**Note:** Property in the City is reassessed each year by the Tarrant Appraisal District.  
Property is assessed at actual value; therefore, the assessed values are equal to actual value.

**CITY OF RICHLAND HILLS, TEXAS**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**Last Ten Fiscal Years**  
(Unaudited)

**TABLE 7**

|                                            | FISCAL YEAR |          |          |          |          |          |          |          |          |          |
|--------------------------------------------|-------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
|                                            | 2013        | 2014     | 2015     | 2016     | 2017     | 2018     | 2019     | 2020     | 2021     | 2022     |
| <b>OVERLAPPING RATES</b>                   |             |          |          |          |          |          |          |          |          |          |
| Tarrant County                             | 0.264000    | 0.264000 | 0.264000 | 0.264000 | 0.244000 | 0.244000 | 0.234000 | 0.234000 | 0.229000 | 0.229000 |
| Tarrant County Hospital District           | 0.227897    | 0.227897 | 0.227897 | 0.227897 | 0.224429 | 0.224429 | 0.224429 | 0.224429 | 0.224429 | 0.224429 |
| Tarrant County College District            | 0.148970    | 0.149500 | 0.149500 | 0.149500 | 0.140060 | 0.140060 | 0.136070 | 0.130170 | 0.130170 | 0.130170 |
| Birdville Independent School District      | 1.435000    | 1.435000 | 1.435000 | 1.453900 | 1.453900 | 1.453900 | 1.453900 | 1.383900 | 1.380300 | 1.338000 |
| <b>CITY DIRECT RATES</b>                   |             |          |          |          |          |          |          |          |          |          |
| Operating & Maintenance                    | 0.465214    | 0.467694 | 0.469092 | 0.470680 | 0.471433 | 0.460847 | 0.450755 | 0.418051 | 0.418051 | 0.418051 |
| Interest & Sinking                         | 0.062880    | 0.060400 | 0.059002 | 0.058125 | 0.124200 | 0.102891 | 0.091125 | 0.140500 | 0.140500 | 0.140500 |
| Total Direct Rate                          | 0.528094    | 0.528094 | 0.528094 | 0.528805 | 0.595633 | 0.563738 | 0.541880 | 0.558551 | 0.558551 | 0.558551 |
| <b>Total Direct &amp; Overlapping Rate</b> | 2.603961    | 2.604491 | 2.604491 | 2.624102 | 2.658022 | 2.626127 | 2.590279 | 2.531050 | 2.522450 | 2.480150 |

**Note:** All rates per \$100 assessed value.  
Totals are not provided for columns since they would be meaningless.  
Some of the jurisdictions are mutually exclusive.

**Sources:** Tarrant Appraisal District and City records.

**CITY OF RICHLAND HILLS, TEXAS**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**Current and Ten Years Ago**  
(Unaudited)

**TABLE 8**

| Taxpayer                                | Industry               | 2022                                       |                                                            | 2013                                      |                                                            |
|-----------------------------------------|------------------------|--------------------------------------------|------------------------------------------------------------|-------------------------------------------|------------------------------------------------------------|
|                                         |                        | 2021<br>Taxable<br>Assessed<br>Valuation** | Percentage<br>of Total<br>Taxable<br>Assessed<br>Valuation | 2012<br>Taxable<br>Assessed<br>Valuation* | Percentage<br>of Total<br>Taxable<br>Assessed<br>Valuation |
| 1. A&R Calloway LLC                     | Apartments             | \$ 26,600,000                              | 3.5%                                                       | \$ -                                      | -                                                          |
| 2. Stuart C Irby LLC                    | Retailer               | 17,347,170                                 | 2.3%                                                       | 5,153,118                                 | 1.2%                                                       |
| 3. 356 Midway Venture LLC               | Real Estate/Commercial | 11,286,435                                 | 1.5%                                                       | -                                         | -                                                          |
| 4. Buyers Barricades                    | Retailer               | 10,809,231                                 | 1.4%                                                       | -                                         | -                                                          |
| 5. Hung Properties #1 LP                | Real Estate/Commercial | 8,500,000                                  | 1.1%                                                       | 3,125,000                                 | -                                                          |
| 6. WalMart Stores                       | Retailer               | 6,899,655                                  | 0.9%                                                       | -                                         | -                                                          |
| 7. Oncor Electric Co                    | Utility                | 6,869,584                                  | 0.9%                                                       | 4,770,737                                 | 1.1%                                                       |
| 8. MB Midway LLC                        |                        | 6,399,655                                  | 0.8%                                                       |                                           |                                                            |
| 9. Hudgins Donald L                     | Commercial             | 6,008,825                                  | 0.8%                                                       |                                           |                                                            |
| 10. Linron Properties LTD               | Real Estate/Commercial | 5,728,950                                  | 0.8%                                                       |                                           |                                                            |
| E.L. Baker/Baker Develop.               | Real Estate/Commercial |                                            | 0.0%                                                       |                                           | 0.0%                                                       |
| Storage Trust Properties                | Storage Facility       |                                            | 0.0%                                                       |                                           |                                                            |
| First Industrial, LP                    | Real Estate/Commercial |                                            | 0.0%                                                       | 11,888,728                                | 2.8%                                                       |
| Southwestern Bell                       | Utility                | -                                          | 0.0%                                                       | 6,574,185                                 | 1.6%                                                       |
| Chesapeake Equipment                    | Oil/Gas                |                                            | 0.0%                                                       | 6,450,000                                 | 1.5%                                                       |
| CNN Churchill III                       | Hotel                  |                                            | 0.0%                                                       | 3,034,869                                 | 0.7%                                                       |
| Regency Raintree                        | Apartments             | -                                          | 0.0%                                                       | 4,484,200                                 | 1.1%                                                       |
| AHC Richland Hill LLC                   | Senior living          |                                            | 0.0%                                                       | 3,552,000                                 | 0.8%                                                       |
| Chesapeake Operating                    | Oil/Gas                | -                                          | 0.0%                                                       | 2,991,300                                 | 0.7%                                                       |
| Total                                   |                        | \$ 106,449,505                             | 13.9%                                                      | \$ 52,024,137                             | 12.4%                                                      |
| Total assessed value of other taxpayers |                        | 657,089,107                                | 86.1%                                                      | 368,429,276                               | 87.6%                                                      |
| Total assessed value of all taxpayers   |                        | <u>\$ 763,538,612</u>                      | <u>100.0%</u>                                              | <u>\$ 420,453,413</u>                     | <u>100.0%</u>                                              |

**Source:** Tarrant Appraisal District

\* Taxpayers assessed on January 1, 2011 (2011 tax year) for the 2011-2012 fiscal year.

\*\* Taxpayers assessed on January 1, 2021 (2021 tax year) for the 2021 -2022 fiscal year.

**CITY OF RICHLAND HILLS, TEXAS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**  
(Unaudited)

**TABLE 9**

| <b>Fiscal<br/>Year<br/>Ended<br/>9/30</b> | <b>Actual<br/>Levy<br/>Year</b> | <b>Taxes Levied<br/>for the<br/>Fiscal Year</b> | <b>Collected within the<br/>Fiscal Year of the Levy</b> |                               | <b>Collection<br/>in Subsequent<br/>Years</b> | <b>Total Collections to Date</b> |                               |
|-------------------------------------------|---------------------------------|-------------------------------------------------|---------------------------------------------------------|-------------------------------|-----------------------------------------------|----------------------------------|-------------------------------|
|                                           |                                 |                                                 | <b>Amount</b>                                           | <b>Percentage<br/>of Levy</b> |                                               | <b>Amount</b>                    | <b>Percentage<br/>of Levy</b> |
| 2013                                      | 2012                            | 2,162,748                                       | 2,119,438                                               | 98.0%                         | 37,007                                        | 2,156,445                        | 99.7%                         |
| 2014                                      | 2013                            | 2,250,917                                       | 2,231,421                                               | 99.1%                         | 10,195                                        | 2,241,616                        | 99.6%                         |
| 2015                                      | 2014                            | 2,316,163                                       | 2,272,895                                               | 98.1%                         | 38,044                                        | 2,310,939                        | 99.8%                         |
| 2016                                      | 2015                            | 2,380,796                                       | 2,354,223                                               | 98.9%                         | 21,564                                        | 2,375,787                        | 99.8%                         |
| 2017                                      | 2016                            | 2,875,298                                       | 2,836,300                                               | 98.6%                         | 34,370                                        | 2,870,670                        | 99.8%                         |
| 2018                                      | 2017                            | 3,008,103                                       | 2,970,529                                               | 98.8%                         | 30,548                                        | 3,001,077                        | 99.8%                         |
| 2019                                      | 2018                            | 3,158,251                                       | 3,116,025                                               | 98.7%                         | 31,539                                        | 3,147,564                        | 99.7%                         |
| 2020                                      | 2019                            | 3,630,618                                       | 3,580,932                                               | 98.6%                         | 35,758                                        | 3,616,690                        | 99.6%                         |
| 2021                                      | 2020                            | 3,721,627                                       | 3,671,287                                               | 98.6%                         | 15,120                                        | 3,686,407                        | 99.1%                         |
| 2022                                      | 2021                            | 3,946,468                                       | 3,907,870                                               | 99.0%                         | -                                             | 3,907,870                        | 99.0%                         |

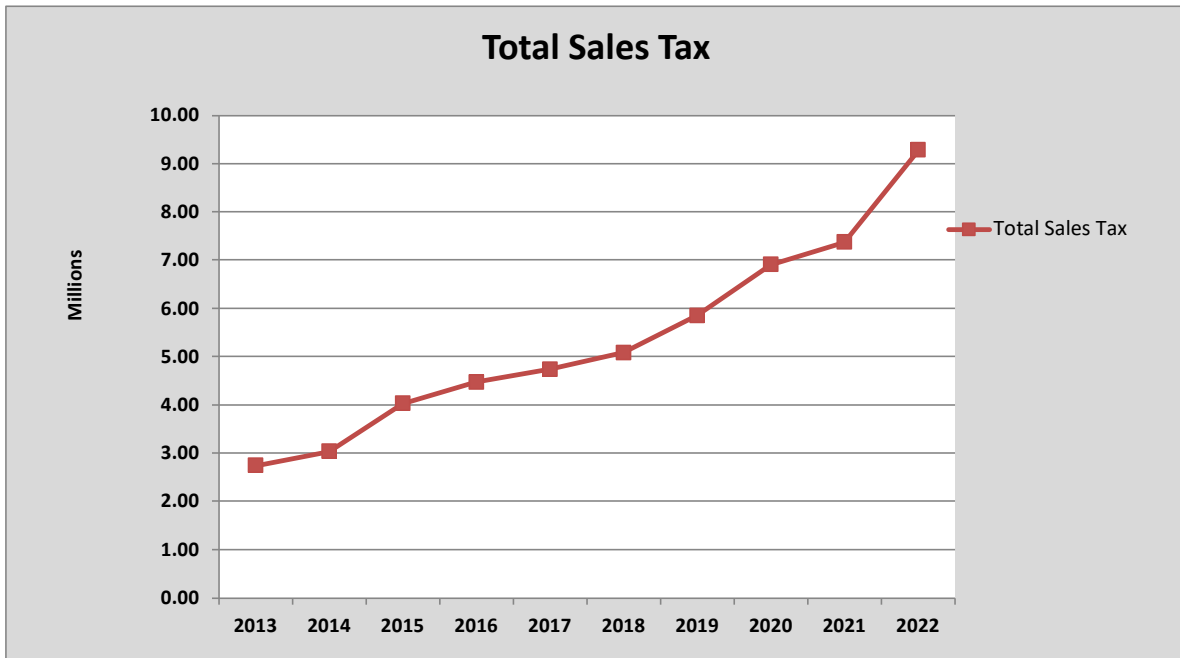
**Source:** Tarrant County Tax Assessor Collector.

Tax Lien and Assessment Date: January 1 each year  
Taxes due: October 1 of the same year  
Taxes delinquent: February 1 of the following year

**CITY OF RICHLAND HILLS, TEXAS**  
**SALES TAX COLLECTIONS BY FUND**  
**Last Ten Fiscal Years**  
(Unaudited)

**TABLE 10**

| <b>Fiscal<br/>Year<br/>Ended<br/>9/30</b> | <b>General</b> | <b>(TIF)<br/>Tax<br/>Increment<br/>Financing</b> | <b>Crime<br/>Control<br/>District</b> | <b>Road and<br/>Street *</b> | <b>Richland Hills<br/>Development<br/>Corporation</b> | <b>Total<br/>Sales Tax<br/>Collections</b> |
|-------------------------------------------|----------------|--------------------------------------------------|---------------------------------------|------------------------------|-------------------------------------------------------|--------------------------------------------|
| 2013                                      | 1,822,994      | 7,002                                            | 684,911                               | -                            | 228,562                                               | 2,743,469                                  |
| 2014                                      | 1,987,280      | 35,470                                           | 754,203                               | -                            | 252,648                                               | 3,029,601                                  |
| 2015                                      | 2,583,922      | 101,400                                          | 1,003,104                             | -                            | 335,389                                               | 4,023,815                                  |
| 2016                                      | 2,873,295      | 107,428                                          | 1,118,369                             | -                            | 372,315                                               | 4,471,407                                  |
| 2017                                      | 2,980,714      | 178,474                                          | 1,186,765                             | -                            | 389,806                                               | 4,735,759                                  |
| 2018                                      | 3,267,337      | 104,325                                          | 1,293,803                             | -                            | 416,528                                               | 5,081,993                                  |
| 2019                                      | 3,303,034      | 49,252                                           | 1,248,819                             | 625,562                      | 624,931                                               | 5,851,598                                  |
| 2020                                      | 3,367,227      | 80,581                                           | 1,302,112                             | 1,292,928                    | 861,952                                               | 6,904,800                                  |
| 2021                                      | 3,619,035      | 68,182                                           | 1,380,638                             | 1,381,609                    | 921,073                                               | 7,370,537                                  |
| 2022                                      | 4,574,082      | 72,655                                           | 1,733,824                             | 1,741,482                    | 1,160,988                                             | 9,283,031                                  |



\* Sales tax was voted to be collected effective April 2019.

Source: City records.

**CITY OF RICHLAND HILLS, TEXAS**  
**RATIOS OF TOTAL OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**  
(Unaudited)

| Fiscal Year | GOVERNMENTAL ACTIVITIES  |           |                                |                                                 |           |                                    |            |
|-------------|--------------------------|-----------|--------------------------------|-------------------------------------------------|-----------|------------------------------------|------------|
|             | General Obligation Bonds | Premiums  | Certificates of Obligation (1) | Public Property Finance Contractual Obligations | Tax Notes | Financed Purchases/ Capital Leases | Leases (4) |
| 2013        | -                        | -         | 365,000                        | 1,004,000                                       | -         | 47,420                             |            |
| 2014        | -                        | -         | 250,000                        | 801,000                                         | -         | 39,016                             |            |
| 2015        | -                        | -         | 130,000                        | 591,000                                         | -         | 30,104                             |            |
| 2016        | 8,770,000                | 623,510   | 4,705,000                      | 375,000                                         | -         | 20,653                             |            |
| 2017        | 8,770,000                | 565,372   | 4,585,000                      | 297,000                                         | -         | 196,303                            |            |
| 2018        | 8,863,250                | 523,579   | 4,410,000                      | 42,000                                          | -         | 141,193                            |            |
| 2019        | 14,388,500               | 1,046,871 | 4,230,000                      | -                                               | 680,000   | 95,403                             |            |
| 2020        | 14,077,250               | 950,156   | 4,050,000                      | -                                               | 590,000   | 702,332                            |            |
| 2021        | 13,751,750               | 853,623   | 3,860,000                      | -                                               | 500,000   | 585,961                            |            |
| 2022        | 13,411,250               | 762,710   | 3,665,000                      | -                                               | 405,000   | 817,108                            | 155,414    |

**Notes:**

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Includes certificate of obligation secured by combination property tax and revenue.

(2) Includes governmental activities and business-type activities debt.

(3) See Table 16 for population and personal income data.

(4) Leases applies to new GASB87 Requirements

TABLE 11

| BUSINESS-TYPE ACTIVITIES       |                                  |          |                                             |            |                                    |                                    | Per Capita<br>Debt as a<br>Percent of<br>Capita<br>Income (3) |
|--------------------------------|----------------------------------|----------|---------------------------------------------|------------|------------------------------------|------------------------------------|---------------------------------------------------------------|
| General<br>Obligation<br>Bonds | Certificates<br>of<br>Obligation | Premiums | Financed<br>Purchases/<br>Capital<br>Leases | Leases (4) | Total<br>Primary<br>Government (2) | Total<br>Debt<br>Per<br>Capita (3) |                                                               |
| -                              | 12,230,000                       | 537,466  | 160,167                                     |            | 14,344,053                         | 1,839                              | 7.5%                                                          |
| -                              | 11,500,000                       | 505,314  | 109,110                                     |            | 13,204,440                         | 1,693                              | 6.9%                                                          |
| -                              | 11,750,000                       | 473,166  | 55,756                                      |            | 13,030,026                         | 1,645                              | 6.7%                                                          |
| -                              | 10,895,000                       | 441,021  | 270,722                                     |            | 26,100,906                         | 3,296                              | 13.4%                                                         |
| -                              | 10,000,000                       | 408,871  | 206,981                                     |            | 25,029,527                         | 3,160                              | 12.8%                                                         |
| 1,151,750                      | 7,935,000                        | 376,723  | 140,683                                     |            | 23,584,178                         | 2,978                              | 10.3%                                                         |
| 1,011,500                      | 7,405,000                        | 344,573  | 71,725                                      |            | 29,273,572                         | 3,696                              | 12.3%                                                         |
| 862,750                        | 6,850,000                        | 312,423  | -                                           |            | 28,394,911                         | 3,585                              | 11.3%                                                         |
| 2,283,250                      | 4,750,000                        | 280,276  | -                                           |            | 26,864,860                         | 3,383                              | 9.9%                                                          |
| 1,978,750                      | 4,295,000                        | 248,127  | 1,420,753                                   | 107,297    | 27,159,112                         | 3,201                              | 8.7%                                                          |

**CITY OF RICHLAND HILLS, TEXAS**  
**RATIOS OF GENERAL BONDED DEBT**  
**PER ASSESSED VALUE AND PER CAPITA**  
**Last Ten Fiscal Years**  
(Unaudited)

**TABLE 12**

| <b>Fiscal Year</b> | <b>General Bonded Debt</b> | <b>Less: Amounts Available in Debt Service Fund</b> | <b>Net General Bonded Debt</b> | <b>Percentage of Actual Taxable Value (1)</b> | <b>Net Bonded Debt Per Capita (2)</b> |
|--------------------|----------------------------|-----------------------------------------------------|--------------------------------|-----------------------------------------------|---------------------------------------|
| 2013               | 1,004,000                  | 125,011                                             | 878,989                        | 0.21%                                         | 113                                   |
| 2014               | 801,000                    | 144,394                                             | 656,606                        | 0.15%                                         | 84                                    |
| 2015               | 591,000                    | 185,035                                             | 405,965                        | 0.09%                                         | 51                                    |
| 2016               | 9,440,379                  | 164,196                                             | 9,276,183                      | 2.02%                                         | 1,171                                 |
| 2017               | 9,339,859                  | 237,811                                             | 9,102,048                      | 1.80%                                         | 1,149                                 |
| 2018               | 10,314,328                 | 310,514                                             | 10,003,814                     | 1.77%                                         | 1,263                                 |
| 2019               | 16,142,630                 | 363,334                                             | 15,779,296                     | 2.56%                                         | 1,992                                 |
| 2020               | 15,625,494                 | 385,295                                             | 15,240,199                     | 2.21%                                         | 1,924                                 |
| 2021               | 16,661,501                 | 441,480                                             | 16,220,021                     | 2.23%                                         | 2,043                                 |
| 2022               | 15,959,230                 | 558,911                                             | 15,400,319                     | 2.02%                                         | 1,815                                 |

**Notes:**

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See Table 6 for taxable value data.

(2) See Table 16 for population and personal income data.

**CITY OF RICHLAND HILLS, TEXAS**  
**GENERAL BONDED DEBT AS A RATIO OF**  
**ANNUAL GOVERNMENTAL EXPENDITURES**  
**Last Ten Fiscal Years**  
(Unaudited)

**TABLE 13**

| <b>Fiscal<br/>Year</b> | <b>Principal</b> | <b>Interest<br/>and fees</b> | <b>Total<br/>Debt<br/>Service</b> | <b>Total<br/>Governmental<br/>Expenditures (1)</b> | <b>Ratio of<br/>Debt Service to<br/>Governmental<br/>Expenditures</b> |
|------------------------|------------------|------------------------------|-----------------------------------|----------------------------------------------------|-----------------------------------------------------------------------|
| 2013                   | 238,000          | 52,190                       | 290,190                           | 10,076,260                                         | 2.9%                                                                  |
| 2014                   | 203,000          | 29,730                       | 232,730                           | 9,312,525                                          | 2.5%                                                                  |
| 2015                   | 210,000          | 29,730                       | 239,730                           | 8,716,183                                          | 2.8%                                                                  |
| 2016                   | 346,000          | 22,978                       | 368,978                           | 13,168,230                                         | 2.8%                                                                  |
| 2017                   | 198,000          | 664,965                      | 862,965                           | 21,367,070                                         | 4.0%                                                                  |
| 2018                   | 350,500          | 464,388                      | 814,888                           | 10,906,017                                         | 7.5%                                                                  |
| 2019                   | 356,750          | 460,171                      | 816,921                           | 11,516,899                                         | 7.1%                                                                  |
| 2020                   | 581,250          | 636,650                      | 1,217,900                         | 12,478,738                                         | 9.8%                                                                  |
| 2021                   | 605,500          | 633,857                      | 1,239,357                         | 18,201,198                                         | 6.8%                                                                  |
| 2022                   | 630,500          | 609,839                      | 1,240,339                         | 14,201,208                                         | 8.7%                                                                  |

**Notes:** (1) Includes general, special revenue, debt service and capital project funds.

**CITY OF RICHLAND HILLS, TEXAS**  
**DIRECT AND OVERLAPPING**  
**GOVERNMENTAL ACTIVITIES DEBT**  
**As of September 30, 2022**  
(Unaudited)

**TABLE 14**

| <b>Governmental Unit</b>                             | <b>Tax Supported<br/>Debt<br/>Outstanding</b> | <b>Estimated<br/>Percent<br/>Applicable*</b> | <b>Estimated<br/>Share of<br/>Direct and<br/>Overlapping Debt</b> |
|------------------------------------------------------|-----------------------------------------------|----------------------------------------------|-------------------------------------------------------------------|
| City of Richland Hills                               | \$ 19,216,482                                 | 100%                                         | \$ 19,216,482                                                     |
| <b>Total direct debt</b>                             |                                               |                                              | \$ 19,216,482                                                     |
| Tarrant County (1)                                   | 222,640,000                                   | 0.37%                                        | \$ 823,768                                                        |
| Tarrant County Hospital District(1)                  | 14,495,000                                    | 0.37%                                        | 53,632                                                            |
| Tarrant County College District                      | 255,995,000                                   | 0.36%                                        | 921,582                                                           |
| Birdville Independent School District(2)             | 409,397,347                                   | 6.52%                                        | 26,692,707                                                        |
| <b>Total overlapping debt</b>                        |                                               |                                              | \$ 28,491,689                                                     |
| <b>Total direct and overlapping debt</b>             |                                               |                                              | \$ 47,708,171                                                     |
| <b>Total Direct and Overlapping Debt per Capita:</b> |                                               |                                              | \$ 5,623                                                          |

Source: (1) Respective entities AFR as of FY21 (current not avail. at the time this report was prepared.

(2) Birdville ISD AFR FY22

\*Estimated percentage is based on formula using assessed net taxable property values located within the Richland Hills City limits.

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Richland Hills. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**CITY OF RICHLAND HILLS, TEXAS**  
**Computation of Legal Debt Margin**  
**September 30, 2022**  
(Unaudited)

**TABLE 15**

Article XI, Section 5 of the State of Texas Constitution state in part:

"... no tax for any purpose shall ever be lawful for any one year, which shall exceed two and one-half percent of the taxable property for such city."

As a home rule city, the City of Richland Hills is not limited by the law in the amount of debt it may issue. The City's charter provides that general property taxes are limited to \$1.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation bonds.

The tax rate for fiscal year 2022 was established at \$.558551 per \$100 of assessed valuation based on 100% appraised value.

**CITY OF RICHLAND HILLS, TEXAS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years**  
(Unaudited)

**TABLE 16**

| <b>Fiscal<br/>Year</b> | <b>Estimated<br/>Population <sup>1</sup></b> | <b>Median<br/>Household<br/>Income<sup>3</sup></b> | <b>Per Capita<br/>Income<sup>3</sup></b> | <b>Public<br/>School<br/>Enrollment</b> | <b>Unemployment<br/>Rate <sup>2</sup></b> |
|------------------------|----------------------------------------------|----------------------------------------------------|------------------------------------------|-----------------------------------------|-------------------------------------------|
| 2013                   | 7,801                                        | 50,788                                             | 22,682                                   | 1,441                                   | 6.0%                                      |
| 2014                   | 7,801                                        | 50,788                                             | 22,682                                   | 1,765                                   | 6.0%                                      |
| 2015                   | 7,920                                        | 50,788                                             | 22,682                                   | 1,765                                   | 6.0%                                      |
| 2016                   | 7,920                                        | 50,126                                             | 24,612                                   | 1,765                                   | 4.2%                                      |
| 2017                   | 7,920                                        | 50,126                                             | 24,612                                   | 1,765                                   | 3.5%                                      |
| 2018                   | 7,920                                        | 59,206                                             | 29,023                                   | 1,765                                   | 3.4%                                      |
| 2019                   | 7,920                                        | 61,105                                             | 29,953                                   | 1,765                                   | 3.1%                                      |
| 2020                   | 7,920                                        | 64,802                                             | 31,766                                   | 1,765                                   | 7.5%                                      |
| 2021                   | 7,940                                        | 70,139                                             | 34,122                                   | 1,765                                   | 3.4%                                      |
| 2022                   | 8,484                                        | 64,038                                             | 36,653                                   | 1765                                    | 3.8%                                      |

**Sources:** U.S. Census Bureau  
1 North Central Texas Council of Governments (NCTCOG)  
2 Texas Workforce Commission  
Birdville ISD  
3 Data for Tarrant County/NCTCOG

**CITY OF RICHLAND HILLS, TEXAS**  
**PRINCIPAL EMPLOYERS**  
**Current and Ten Years Ago**  
(Unaudited)

**TABLE 17**

| Employer                    | Industry                         | 2022                   |      |                             | 2013                   |      |                             |
|-----------------------------|----------------------------------|------------------------|------|-----------------------------|------------------------|------|-----------------------------|
|                             |                                  | Number of<br>Employees | Rank | % of<br>Total<br>Employment | Number of<br>Employees | Rank | % of<br>Total<br>Employment |
| Smith Lawn and Tree         | Landscape and Horticulture       | 150                    | 1    | 15%                         | -                      | -    |                             |
| Birdville ISD (2 schools)   | Independent School District      | 130                    | 2    | 13%                         | 178                    | 1    | 19%                         |
| Buyers Barricade            | Equipment Rentals                | 115                    | 3    | 12%                         | -                      | -    |                             |
| WalMart Neighborhood Market | Grocery Store                    | 103                    | 4    | 11%                         | -                      | -    |                             |
| Trugreen Chemlawn           | Landscape and Horticulture       | 100                    | 5    | 10%                         | 60                     | 9    | 6%                          |
| City of Richland Hills      | Municipality                     | 94                     | 6    | 10%                         | 78                     | 6    | 8%                          |
| Hamilton Form Company       | Industrial Machinery/Equipment   | 90                     | 7    | 9%                          | 100                    | 5    | 11%                         |
| Accurate Metal Stamping     | Metal Fabrication                | 70                     | 8    | 7%                          | -                      | -    |                             |
| Lexington Place             | Nursing and Personal Care        | 69                     | 9    | 7%                          | 101                    | 3    | 11%                         |
| Valley Dynamo               | Table Top Games                  | 54                     | 10   | 6%                          | 100                    | 4    | 11%                         |
| Royal Bath                  | Plumbing Equipment/Manufacturing | -                      | -    |                             | 72                     | 7    | 8%                          |
| Harris Packaging            | Corrugated Boxes                 | -                      | -    |                             | 120                    | 2    | 13%                         |
| Sterling House Nursing Home | Nursing and Personal Care        | -                      | -    |                             | 65                     | 8    | 7%                          |
| Richland Hills Nursing Home | Nursing and Personal Care        | -                      | -    |                             | 59                     | 10   | 6%                          |
| Total                       |                                  | 975                    |      | 100%                        | 933                    |      | 100%                        |

**Sources:** City records, company records and North Central Texas Council of Governments

Richland Elementary in Birdville ISD closed in 2021

**CITY OF RICHLAND HILLS, TEXAS**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**  
(Unaudited)

**TABLE 18**

|                                                         | FISCAL YEAR |        |        |        |        |        |        |        |        |        |
|---------------------------------------------------------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                                                         | 2013        | 2014   | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   |
| Police                                                  |             |        |        |        |        |        |        |        |        |        |
| Physical arrests                                        | 354         | 416    | 404    | 347    | 438    | 557    | 208    | 515    | 489    | 611    |
| Number of law violations                                | 1,279       | 1,346  | 976    | 798    | 1,266  | 2,783  | 4,820  | 3,082  | 2568   | 4433   |
| Fire                                                    |             |        |        |        |        |        |        |        |        |        |
| Number of fire runs                                     | 1,375       | 566    | 554    | 740    | 647    | 663    | 663    | 499    | 581    | 604    |
| Number of EMS runs                                      | 909         | 920    | 902    | 990    | 1020   | 1047   | 1047   | 1022   | 1089   | 1180   |
| Public Works - Streets                                  |             |        |        |        |        |        |        |        |        |        |
| Streets resurfacing (miles)                             | 1.0         | 0.8    | 1.5    | -      | 1      | 1      | 3      | 1      | 1      | 1      |
| Potholes repaired                                       | 207         | 369    | 168    | 247    | 211    | 356    | 381    | 437    | 455    | 241    |
| Public Works - Water/Wastewater                         |             |        |        |        |        |        |        |        |        |        |
| New Connections                                         | 2           | 9      | 13     | 1      | 2      | 1      | 4      | 2      | 6      | 8      |
| Water main breaks                                       | 9           | 31     | 30     | 19     | 26     | 11     | 13     | 20     | 23     | 26     |
| Average daily consumption<br>(thousands of gallons)     | 882         | 654    | 789    | 686    | 877    | 937    | 940    | 978    | 75 *   | 1,100  |
| Peak daily consumption<br>(thousands of gallons)        | 1,517       | 1,048  | 1,494  | 1,125  | 1,415  | 1,885  | 1,870  | 1,901  | 396 *  | 1,600  |
| Average daily sewer treatment<br>(thousands of gallons) | 468         | 407    | 793    | 546    | 457    | 537    | 540    | 553    | 415    | 800    |
| Library                                                 |             |        |        |        |        |        |        |        |        |        |
| Volumes collection                                      | 40,276      | 37,117 | 41,701 | 36,598 | 37,881 | 38,123 | 28,500 | 27,728 | 27,346 | 27,652 |
| Total volumes borrowed                                  | 52,218      | 55,635 | 37,805 | 41,980 | 52,304 | 59,686 | 17,820 | 31,277 | 27,315 | 36,728 |
| Recreation center (1)                                   |             |        |        |        |        |        |        |        |        |        |
| Link Memberships                                        | -           | -      | -      | -      | 402    | 635    | 615    | 756    | 671    | 904    |
| Fitness Only Memberhips                                 | -           | -      | -      | -      | 30     | 39     | 34     | 15     | 26     | 5      |
| Rentals                                                 | -           | -      | -      | -      | 17     | 359    | 393    | 280    | 327    | 758    |

\*Water consumption decrease from Ft. Worth Wholesale Water records. City used more well water during FY 2021

**Note:** The City's recreation center, the LINK, opened in April 2017.

**Source:** Various City departments

**CITY OF RICHLAND HILLS, TEXAS**  
**CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**  
(Unaudited)

**TABLE 19**

|                                            | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  |
|--------------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Police</b>                              |       |       |       |       |       |       |       |       |       |       |
| Police stations                            | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Patrol units                               | 11    | 11    | 11    | 8     | 8     | 9     | 9     | 9     | 10    | 10    |
| (1) Un-Marked Units                        | -     | -     | -     | -     | -     | 9     | 9     | 9     | 6     | 6     |
| (1) Un-Marked Volunteer Unit               | -     | -     | -     | -     | -     | 1     | 1     | 1     | 0     | 0     |
| (1) Crime Scene Van                        | -     | -     | -     | -     | -     | -     | -     | -     | -     | 1     |
| (1) Speed Trailer                          | -     | -     | -     | -     | -     | 1     | 1     | 1     | 1     | 1     |
| <b>Fire</b>                                |       |       |       |       |       |       |       |       |       |       |
| Stations                                   | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Fire trucks                                | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     |
| Ambulances                                 | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 2     | 2     |
| <b>Public Works - Streets</b>              |       |       |       |       |       |       |       |       |       |       |
| Streets (miles)                            | 43.51 | 43.51 | 43.51 | 43.51 | 43.51 | 43.51 | 43.51 | 43.51 | 43.51 | 43.51 |
| Street lights                              | 462   | 462   | 462   | 462   | 462   | 462   | 462   | 462   | 462   | 462   |
| Traffic signals                            | 9     | 9     | 9     | 9     | 9     | 9     | 9     | 9     | 9     | 9     |
| <b>Public Works - Water/Wastewater</b>     |       |       |       |       |       |       |       |       |       |       |
| Water mains (miles)                        | 47    | 47    | 47    | 47    | 47    | 47    | 47    | 47    | 47    | 47    |
| Fire hydrants                              | 350   | 350   | 350   | 355   | 355   | 355   | 355   | 355   | 355   | 385   |
| Storage capacity<br>(thousands of gallons) | 2,360 | 2,360 | 2,360 | 2,360 | 2,360 | 2,360 | 2,360 | 2,360 | 2,360 | 2,360 |
| Sanitary sewer (miles)                     | 60    | 60    | 60    | 60    | 60    | 60    | 60    | 60    | 60    | 60    |
| Storm sewer (miles)                        | 2.5   | 2.5   | 2.5   | 2.5   | 2.5   | 3     | 3     | 3     | 3     | 3     |
| <b>Culture and recreation</b>              |       |       |       |       |       |       |       |       |       |       |
| Parks                                      | 4     | 4     | 4     | 4     | 4     | 5     | 5     | 5     | 5     | 6     |
| Parks acreage                              | 12.1  | 12.1  | 12.1  | 12.1  | 12.1  | 12.6  | 12.6  | 12.6  | 12.6  | 13.8  |
| Recreation center                          | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Playgrounds                                | 3     | 3     | 3     | 3     | 4     | 4     | 4     | 4     | 4     | 4     |
| Recreation center                          | -     | -     | -     | -     | 1     | 1     | 1     | 1     | 1     | 1     |

**Note:** (1) Information available starting in Fiscal Year 2018.

**Source:** Various City departmental records.

**CITY OF RICHLAND HILLS, TEXAS**  
**FULL-TIME EQUIVALENT (FTE) CITY GOVERNMENT EMPLOYEES**  
**BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**  
(Unaudited)

**TABLE 20**

| <b>Function/Program</b>       | <b>FISCAL YEAR</b> |             |             |             |             |             |             |             |             |             |
|-------------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                               | <b>2013</b>        | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> |
| <b>General government</b>     |                    |             |             |             |             |             |             |             |             |             |
| Administration                | 7                  | 8           | 8           | 8           | 8           | 8           | 8           | 8           | 8           | 8           |
| City Secretary                | 1                  | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Economic development          | -                  | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Facilities maintenance        | -                  | -           | -           | -           | -           | 2           | 2           | 2           | 2           | 2           |
| <b>Public safety</b>          |                    |             |             |             |             |             |             |             |             |             |
| Police                        | 24                 | 25          | 26          | 23          | 22          | 26          | 29          | 29          | 29          | 25.5        |
| Fire                          | 16                 | 17          | 17          | 17          | 17          | 17          | 17          | 17          | 17          | 17          |
| Municipal court               | 2                  | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           |
| Animal services               | 2                  | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           |
| <b>Public Works - Streets</b> | 2                  | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           |
| <b>Culture and recreation</b> |                    |             |             |             |             |             |             |             |             |             |
| Library                       | 7                  | 7           | 7           | 7           | 7           | 7           | 7           | 7           | 7           | 7           |
| Parks & Recreation            | 1                  | 1           | 1           | 1           | 25          | 27          | 33          | 34          | 34          | 34          |
| <b>Community development</b>  | 3                  | 3           | 4           | 4           | 4           | 4           | 4           | 4           | 4           | 4           |
| <b>Water and wastewater</b>   | 10                 | 10          | 10          | 9           | 9           | 9           | 9           | 9           | 9           | 9           |
| <b>Drainage utility</b>       | 3                  | 3           | 3           | 2           | 2           | 2           | 2           | 2           | 2           | 2           |
| <b>Total employees</b>        | <b>78</b>          | <b>81</b>   | <b>83</b>   | <b>78</b>   | <b>101</b>  | <b>109</b>  | <b>118</b>  | <b>119</b>  | <b>119</b>  | <b>116</b>  |
| Total hours worked            | 173,696            | 177,204     | 181,822     | 188,203     | 191,910     | 208,167     | 182,240     | 197,377     | 197,377     | 197,377     |
| Total FTE employees (1)       | 83.5               | 85.2        | 87.4        | 90.5        | 92.3        | 100.1       | 87.6        | 94.9        | 94.9        | 94.9        |

Note: (1) 1 FTE = 2080 hrs worked in one year.  
Source: City records.

## **OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT  
AUDITING STANDARDS***

To the Honorable Mayor and City Council  
City of Richland Hills, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Richland Hills, Texas (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 4, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

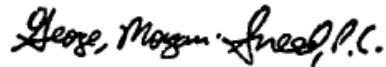
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Richland Hills' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



George, Morgan & Sneed, P.C.  
Weatherford, Texas  
April 4, 2023